

CyrusOne Inc.
Form DEF 14A
March 15, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CyrusOne Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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CYRUSONE INC.

2101 Cedar Springs Road, Suite 900

Dallas, Texas 75201

Notice of Annual Meeting of Stockholders

Date	Time	Place
Monday	10:30 a.m.,	Ritz Carlton Hotel
April 29, 2019	local time	2121 McKinney Ave. Dallas, TX 75201

To our Stockholders:

You are cordially invited to attend the 2019 annual meeting of stockholders of CyrusOne Inc., a Maryland corporation (the Company or CyrusOne). The purposes of the Annual Meeting are as follows:

1. To elect eight directors, each to hold office until our 2020 annual meeting of stockholders and until his or her respective successor is duly elected and qualifies;
 2. To consider and vote upon, on an advisory basis, the compensation of the Company's named executive officers as disclosed in this proxy statement;
 3. To consider and vote upon the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019; and
 4. To transact such other business as may properly come before the annual meeting.
- Only stockholders of record at the close of business on March 8, 2019 will be entitled to notice of, and to vote at, the annual meeting and any postponement or adjournment thereof.

Your vote is important. Whether or not you plan to attend the meeting, we want to make sure your shares are represented at the meeting. You may cast your vote and submit your proxy in advance of the meeting by internet, telephone or mail.

By Internet

By Phone

By Mail

In Person

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(if you received a paper
copy in the mail)

Visit	Call	Complete, sign, date and	Attend
www.proxypush.com By Order of the Board of Directors:	866-509-1053	return proxy card	Annual Meeting

ROBERT M. JACKSON

Executive Vice President, General Counsel and Secretary

March 15, 2019

**Important Notice Regarding the Availability of Proxy Materials for the
Annual Stockholder Meeting to be held on April 29, 2019:**

The Company's Proxy Statement and Annual Report are available at:

www.proxypush.com/CONE

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2019 Proxy Statement at a Glance

Proxy Statement Summary

Proposal	Board Voting Recommendation	Page Reference
Election of 8 directors	FOR EACH DIRECTOR NOMINEE	4
Advisory vote on executive compensation	FOR	9
Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2019	FOR	11
Corporate Governance Highlights		

Independent Oversight

7 of 8 director nominees are independent

Independent Chairman of the Board

Regular executive sessions of independent directors at Board and Committee meetings

Active Board oversight of the Company's strategy and risk management, including cybersecurity and annual enterprise risk assessments

Board Composition and Diversity

Focus on diversity - 25% of directors are women or ethnically diverse, including Chairman of the Board and Audit Committee Chair

Commitment to actively seeking out additional highly qualified women and minority candidates to include in the pool from which Board nominees are chosen

Annual Board and Committee self-evaluations

Mandatory retirement age of 72

Ongoing director education

Shareholder

Annual election of all directors

Rights

Majority-vote director resignation policy for directors in uncontested elections

One class of shares with each share entitled to one vote

Our Bylaws may be amended by our stockholders

We have opted out of the Maryland control share acquisition statute

No stockholders rights plan in effect

**Stockholder
Engagement**

Governance trends

Compensation practices

Board composition, diversity and succession planning

Sustainability

Sustainability

Environmentally-friendly and energy efficient waterless cooling

Utilization of solar and other renewable, zero-emission power

Data centers London I and London II run on a 100% renewable energy tariff; annually this is energy usage equivalent to 52,000 households from zero-emissions sources

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2019 Proxy Statement at a Glance

Strategic and Operational Highlights

2018 was a year of continued strong growth, record leasing, and successful expansion of the Company's reach and portfolio. Specific highlights include:

signed Company-record leases totaling \$153 million in annualized GAAP revenue, up 45% from 2017

leased Company-record 103 megawatts (MW) and 686,000 colocation square feet (CSF), 77% & 32% higher, respectively, than 2017

since our initial public offering in January 2013 (the IPO), our CSF has grown 326% (from 0.9 million at September 30, 2012 to 3.8 million at December 31, 2018)

completed construction on 115 MW of capacity

for perspective, this is roughly equivalent to the Company's total MW capacity at the time of its IPO (125 MW as of September 30, 2012) and brings our total MW capacity to 703 MW at December 31, 2018.

continued international expansion to enable us to meet customer demand globally

completed acquisition of Zenium data centers in London and Frankfurt and 16 acres of land for development of data center campus at PolanenPark, outside Amsterdam

completed strategic investment in Odata Brasil SA, a leading hyper-scale data center provider in Brazil

these transactions, together with our strategic investment in December 2017 in GDS Holdings Ltd, a leading hyperscale data center operator in China, have added solutions for our customers on three new continents in less than 18 months

continued to acquire land for future expansion domestically, including in Santa Clara, California, a key West Coast market and positioning the Company to serve all key U.S. markets, and completed construction of 350-foot telecommunications tower at the Company's Aurora (Illinois) facility

ended 2018 with backlog of \$54 million in annualized GAAP revenue, representing nearly \$550 million in total contract value

Performance Highlights

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2019 Proxy Statement

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2019 Proxy Statement at a Glance

2018 Compensation Snapshot

	Base Salary	Bonus	Stock Awards	Option Awards	All Other Comp.	Total
Named Executive Officers	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Gary J. Wojtaszek, President & Chief Executive Officer	800,000	1,683,101	4,376,808	-	11,949	6,871,858
Diane M. Morefield, Executive Vice President & Chief Financial Officer	463,462	610,147	1,221,438	-	13,888	2,308,935
Venkatesh Durvasula, Executive Vice President & President, Europe(1)	472,116	527,117	1,221,438	-	18,229	2,238,900
Kevin L. Timmons, Executive Vice President & Chief Technology Officer	419,231	468,071	1,221,438	-	13,019	2,121,759
Robert M. Jackson, Executive Vice President, General Counsel & Secretary	344,616	453,686	716,671	-	14,088	1,529,061

(1) Effective December 1, 2018, Mr. Durvasula was promoted to Executive Vice President & President, Europe and his base salary was increased to \$550,000. Mr. Durvasula previously served as our Executive Vice President & Chief Commercial Officer.

DESIGN PRINCIPLES

WHAT WE DO:

WHAT WE DON'T DO:

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We link pay to performance; we reward our NEOs based upon the value they create

We do not target pay above the market median but rather use it as an initial reference point

The vast majority of NEO pay is variable based on performance

We do not encourage unnecessary or excessive risk taking as a result of our compensation policies

We place significant emphasis on multi-year, total stockholder return performance - 75% of each NEO's annual long-term incentive award is performance-based and tied to our TSR vs. the MSCI US REIT Index

We do not guarantee incentive compensation under our annual cash bonus or long-term incentive plan

We compensate fairly and competitively, but not excessively

We do not have uncapped bonus amounts under our incentive plans.

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Proposal 1: Election of Eight Directors

Proposal 1: Election of Eight Directors

At the 2019 annual meeting, we are asking our stockholders to elect the eight directors named below (the Nominees) to serve until the 2020 annual meeting and until their respective successors are duly elected and qualified.

Name	Age	Occupation	Director Since	Independent	Board Committees				
					A	C	N	T	E
Alex Shumate*	68	Managing Partner, North America, Squire Patton Boggs (US) LLP	2013	Yes					(C)
David H. Ferdman	51	Founder and former President & Chief Executive Officer, CyrusOne	2013	Yes					
John W. Gamble, Jr.	56	Corporate Vice President & Chief Financial Officer, Equifax Inc.	2014	Yes					
Michael A. Klayko	64	Chief Executive Officer, MKA Capital; and Operating Executive at Marlin Equity Partners	2016	Yes					(C)
T. Tod Nielsen	53	President & Chief Executive Officer, Financial Force	2013	Yes					(C)
William E. Sullivan	64	Chief Financial Officer & Treasurer, Purdue University	2013	Yes					(C)
Lynn A. Wentworth	60	Former Senior Vice President, Chief Financial Officer & Treasurer, BlueLinx Holdings Inc.	2014	Yes					(C)
Gary J. Wojtaszek	52	President & Chief Executive Officer, CyrusOne Inc.	2012	No					

* Chairman of the Board and
Lead Independent Director

A = Audit

C = Compensation

N = Nominating/Governance

T = Transaction

E = Executive

(C) Denotes committee chair

Biographical information about the Nominees and the experience, qualifications, attributes, and skills considered by our Nominating and Corporate Governance Committee and the Board of Directors in determining that the Nominee should serve as a director appears below. All of the Nominees currently serve as directors. The Board of Directors anticipates that each of the Nominees will serve, if elected, as a director. However, if any Nominee is unable to serve or declines to do so, the discretionary authority provided in the proxy will be exercised by the proxy holders to vote for a substitute or substitutes nominated by the Board of Directors, or the Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, may reduce the size of the Board and number of nominees.

The Board of Directors recommends
a vote **FOR** each Nominee.

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Proposal 1: Election of Eight Directors

Nominees for Election to the Board of Directors

The biographical descriptions below set forth certain information with respect to each of the eight Nominees for election as a director at the annual meeting.

<p>Alex Shumate</p>	<p>Mr. Shumate has served as the Managing Partner, North America, of Squire Patton Boggs (US) LLP, an international law firm, since 2009. He joined Squire Patton Boggs in 1988 and he has served as the Managing Partner of its Columbus, Ohio office since 1991. He is a member of the Board of Trustees of The Ohio State University, where he is chairman of the board’s Governance Committee; he currently is serving his third term as a trustee and has twice served as Chairman of the Board. Mr. Shumate is the lead independent director of The J.M. Smucker Company and chairman of the board’s Nominating, Governance and Corporate Responsibility Committee. He previously served as a director of the Wm. Wrigley Jr. Company from 1998 until its acquisition in 2008, of Nationwide Financial Services from 2002 until its acquisition in 2009, and of Cincinnati Bell from 2005 to January 2013. Prior to joining Squire Patton Boggs, Mr. Shumate served as chief counsel and deputy chief of staff to the Governor of the State of Ohio and as assistant attorney general, State of Ohio.</p>
<p>Chairman of the Board & Lead Independent Director</p>	
<p>Board Committees:</p> <p>Nominating and Corporate Governance Executive (Chair)</p>	<p>Qualifications</p> <p>Mr. Shumate brings to our Board of Directors demonstrated managerial ability and a thorough understanding of the principles of good corporate governance.</p>

	<p>Mr. Ferdman was the founder of CyrusOne and served as President & Chief Executive</p>
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David H. Ferdman

Board Committees:

Transaction

Officer from 2000 until its acquisition by Cincinnati Bell in June 2010. Mr. Ferdman served as the President until August 2011 and served as the Chief Strategy Officer until January 2013. Upon consummation of our initial public offering, Mr. Ferdman resigned from his employment with the Company. Prior to founding CyrusOne, Mr. Ferdman was the Chief Operating Officer and co-founder of UWI Association Programs (d/b/a Eclipse Telecommunications), a facilities-based telecommunications service provider. As Chief Operating Officer of UWI, Mr. Ferdman was instrumental in the company's rapid growth, which culminated in its acquisition by IXC Communications (now part of Level 3 Communications Inc.) in 1998. Mr. Ferdman is also a director of Circuit of the Americas, Quality Uptime Services and Cybraics, Inc.

Qualifications

Mr. Ferdman brings to our Board of Directors a comprehensive understanding of our business coupled with extensive experience in the data center industry.

John W. Gamble, Jr.

Board Committees:

Audit

Mr. Gamble is Corporate Vice President & Chief Financial Officer of Equifax Inc., where he is responsible for corporate finance, accounting, treasury, tax, internal audit and investor relations. From September 2005 to May 2014, Mr. Gamble was Executive Vice President & Chief Financial Officer for Lexmark International, Inc. In addition to corporate finance functions, he was responsible for Lexmark's investor relations, information technology, strategy and development, and internal audit and security functions. Prior to joining Lexmark, Mr. Gamble was executive vice president and chief financial officer of Agere Systems, Inc. Mr. Gamble also served in finance leadership roles with AlliedSignal, Inc., and then Honeywell International, Inc., following the merger of the two entities. Earlier, Mr. Gamble served in a variety of finance capacities with General Motors. Mr. Gamble began his career as an electrical engineer with Bethlehem Steel Corporation.

Qualifications

Mr. Gamble brings to our Board of Directors extensive knowledge regarding financial management and the information technology market.

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Proposal 1: Election of Eight Directors

<p>Michael A. Klayko</p>	<p>Mr. Klayko has been Chief Executive Officer of MKA Capital, an investment company focusing on technology investments, since January 2013. He has also been an Operating Executive at Marlin Equity Partners, a global investment firm, since March 2018. From January 2005 until January 2013, Mr. Klayko served as Chief Executive Officer and served on the board of directors of Brocade Communications Systems, Inc., a comprehensive network solutions provider (Brocade). Previously, Mr. Klayko was Vice President of Worldwide Sales at Brocade and also served as its Vice President of Marketing and Support and Vice President of OEM Sales. Additionally, Mr. Klayko has held management positions at Rhapsody Networks, McDATA, EMC, Hewlett-Packard Company and IBM. Mr. Klayko serves on the board of directors of Allscripts Healthcare Solutions, Inc., a healthcare information technology provider, and previously served on the board of directors of Brocade Communications Systems, Inc. (2005 through 2013), PMC-Sierra, Inc. (2012 through January 2016) and Bally Technologies (2014).</p>
<p>Board Committees:</p> <p style="padding-left: 20px;">Transaction (Chair)</p> <p style="padding-left: 20px;">Compensation</p> <p style="padding-left: 20px;">Nominating and</p> <p style="padding-left: 20px;">Corporate</p> <p>Governance</p>	<p>Qualifications</p> <p>Mr. Klayko brings to our Board of Directors a comprehensive understanding of the technology and network solutions industry coupled with extensive experience as a director of other publicly-held technology companies.</p>

<p>T. Tod Nielsen</p>	<p>Mr. Nielsen has served as the President & Chief Executive Officer and a member of the board of directors of FinancialForce, a private cloud ERP vendor, since January 2017. Mr. Nielsen served as Chief Executive Officer of Heroku, a cloud application development company that was acquired by Salesforce in 2011, and as Executive Vice President of Platform at Salesforce from June 2013 to June 2016. Prior to that, Mr. Nielsen was Co-President, Applications Platform Group at VMware, Inc. Mr. Nielsen served as VMware’s Chief Operating Officer from January 2009 to January 2013. Prior to that, he served as President and Chief Executive Officer of Borland Software Corporation</p>
<p>Board Committees:</p>	

**Compensation
(Chair)**

from November 2005 to December 2008. From June 2005 to November 2005, Mr. Nielsen served as Senior Vice President, Marketing and Global Sales Support for Oracle Corporation, an enterprise software company. From August 2001 to August 2004, Mr. Nielsen served in various positions at BEA Systems, Inc., a provider of application infrastructure software, including Chief Marketing Officer and Executive Vice President, Engineering. Mr. Nielsen also spent 12 years with Microsoft Corporation in various roles, including General Manager of Database and Developer Tools, Vice President of Developer Tools, and at the time of his departure, Vice President of Microsoft's platform group. Mr. Nielsen is a current director of BTI Systems, and former director of MyEdu Corp., Fortify Software and Club Holdings, LLC.

Qualifications

Mr. Nielsen brings to our Board of Directors a strong technical background in software development, coupled with extensive management experience and knowledge of the information technology market.

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Proposal 1: Election of Eight Directors

William E. Sullivan
Board Committees:
Nominating and
Corporate Governance
(Chair)
Audit

Mr. Sullivan has served as the Chief Financial Officer & Treasurer for Purdue University in Indiana since June 2014. Mr. Sullivan served as the Chief Financial Officer of ProLogis Inc., a real estate investment trust (REIT) operating as an owner, manager and developer of distribution facilities, from March 2007 to May 2012. Prior to joining ProLogis, Mr. Sullivan was the founder and President of Greenwood Advisors, Inc., a private financial consulting and advisory firm, from 2005 to 2007. Prior to that, Mr. Sullivan served as the Chairman (2001 to 2007) & Chief Executive Officer (2001 to 2005) of SiteStuff, Inc., a procurement solutions company specializing in real estate property and facility management. Mr. Sullivan worked for Jones Lang LaSalle, and its predecessor, LaSalle Partners, in a variety of positions from 1984 to 2001, including as Chief Financial Officer from 1997 to 2001 and as a member of the Board of Directors from 1997 to 1999. Prior to joining Jones Lang LaSalle, Mr. Sullivan was a member of the Communications Lending Group of the First National Bank of Chicago and also served as a member of the tax division of Ernst & Ernst LLP, a predecessor to Ernst & Young LLP. Mr. Sullivan has also served as a director and audit committee chairman of Jones Lang LaSalle Income Property Trust, Inc. since September 2012 and served as a director of Club Corp. from August 2013 until September 2017.

Qualifications

Mr. Sullivan brings to our Board of Directors a comprehensive understanding of the commercial real estate industry coupled with extensive REIT management experience.

Lynn A. Wentworth
Board Committees:
Audit (Chair)

Ms. Wentworth served as Senior Vice President, Chief Financial Officer & Treasurer of BlueLinx Holdings Inc. (a building products distributor) from 2007 until her retirement in 2008. Prior to joining BlueLinx, Ms. Wentworth served as Vice President and Chief Financial Officer for BellSouth Corporation's Communications Group and held various other positions at BellSouth from 1985 to 2007. Ms. Wentworth began her career at Coopers & Lybrand, where she served in both the audit and tax divisions. Ms. Wentworth is a certified public accountant licensed in the state of Georgia. Ms. Wentworth is a director and chair of the Audit and Finance Committee of Cincinnati Bell Inc., and has been elected chair of the board effective May 2019. Ms. Wentworth also serves as a director and chair of the Audit Committee of Graphic Packaging Holding Company.

Compensation

Transaction

Executive

Qualifications

Ms. Wentworth brings to our Board of Directors extensive knowledge regarding complex financial, accounting and corporate governance matters affecting large corporations.

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Proposal 1: Election of Eight Directors

Gary J. Wojtaszek
Board Committees:
Executive
Education:
BA - Rutgers University
MBA - Columbia University

Gary J. Wojtaszek is our President & Chief Executive Officer and has served as a member of our Board of Directors since July 2012. Prior to becoming the President of CyrusOne in August 2011, Mr. Wojtaszek served as Chief Financial Officer of Cincinnati Bell Inc., where he had responsibility for the data center business and oversaw CyrusOne's successful spin-off and IPO. Prior to joining Cincinnati Bell in July 2008, he was Senior Vice President, Treasurer and Chief Accounting Officer for the Laureate Education Corporation in Baltimore, Maryland from 2006 to 2008. Prior to that, Mr. Wojtaszek worked from 2001 to 2008 at Agere Systems, the semiconductor and optical electronics communications division of Lucent Technologies, which was subsequently spun-off through an initial public offering. While at Agere Systems, Mr. Wojtaszek worked in a number of finance positions, ultimately serving as the Vice President of Corporate Finance, overseeing all Controllershship, Tax and Treasury functions. Mr. Wojtaszek started his career in General Motors Company's New York treasury group and joined Delphi Automotive Systems as the regional European treasurer in connection with the initial public offering and spin-off of Delphi Automotive Systems from General Motors. Mr. Wojtaszek serves on the foundation board of directors of the Baylor Health Care System, the Executive Board of the Lyle School of Engineering at Southern Methodist University, and the Advisory Board of the Lyle School of Engineering's Datacenter Systems Engineering (DSE) Program at Southern Methodist University. Mr. Wojtaszek is a director of GDS Holdings Ltd. and previously served as a director of Cincinnati Bell Inc.

Under Mr. Wojtaszek's leadership, CyrusOne's revenue has more than tripled and it has been one of the best performing publicly-traded real estate companies in the United States since its initial public offering and Nasdaq-listing in January 2013. With a focus on delivering innovative solutions for CyrusOne's customers' global growth, Mr. Wojtaszek is overseeing CyrusOne's international expansion, including in Europe and Asia.

Qualifications

Mr. Wojtaszek is our Chief Executive Officer and brings to our Board of Directors critical knowledge and understanding of the data center industry coupled with an in-depth understanding of the Company's business and capital structure.

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Proposal 2: Say-on-Pay

Proposal 2: Advisory Vote on Executive Compensation

Pursuant to Section 14A of the Securities Exchange Act, we are asking our stockholders to consider and approve, on an advisory basis, the compensation of the Company's named executive officers (NEOs) as described in this proxy statement (Say-on-Pay).

Our executive compensation program rewards performance, supports our business strategies, discourages excessive risk-taking, makes us competitive for top talent among our peers and other relevant enterprises, while at the same time creates an ownership culture that aligns our executives' interests with the long-term interests of our stockholders. Our Compensation Discussion and Analysis and the related compensation tables describe in detail the components of our executive compensation program and the process by which our Compensation Committee makes executive compensation decisions. Highlights of our program include the following:

We support a culture committed to paying for performance where compensation is commensurate with the results achieved

We cap individual payouts under our executive compensation plans

We do not guarantee incentive compensation under our annual cash bonus plan or long-term incentive plan

Clawback policies allow recovery of certain compensation payments and proceeds from executives in the event of a significant restatement of financial results

We do not provide single-trigger change-in-control vesting provisions

We do not provide gross-ups to cover personal income taxes that pertain to executive or severance benefits

We do not provide special executive retirement programs

PERFORMANCE-BASED COMPENSATION

At our 2018 annual meeting of stockholders, approximately 86% of the votes were cast in favor of the advisory vote on the 2017 compensation of our NEOs.

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Proposal 2: Say-on-Pay

We are asking our stockholders to approve the following non-binding advisory resolution:

RESOLVED, that the stockholders of CyrusOne Inc. approve, on an advisory basis, the compensation of CyrusOne Inc.'s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K of the rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, Summary Compensation Table and other related tables and disclosures.

While the vote is non-binding, we highly value the opinions of our stockholders and the Compensation Committee will consider the outcome of this advisory vote in connection with future executive compensation decisions.

The Board has adopted a policy of providing annual advisory votes on the compensation of our NEOs. The next advisory vote is expected to occur at the 2020 Annual Meeting of Stockholders.

The Board of Directors recommends
a vote **FOR** the approval of the advisory
resolution on executive compensation.

Table of Contents**Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm****Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm**

The Audit Committee of the Board of Directors has appointed Deloitte & Touche LLP (Deloitte) to serve as the Company's independent registered public accounting firm for the year ending December 31, 2019, and the Board of Directors is asking stockholders to ratify this appointment. Although current law, rules and regulations, as well as the Audit Committee Charter, require the Company's independent registered public accounting firm to be engaged, retained and supervised by the Audit Committee, the Board of Directors considers the selection of the independent registered public accounting firm to be an important matter of stockholder concern and is submitting the appointment of Deloitte for ratification by stockholders as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee may reconsider whether or not to retain Deloitte in the future. Deloitte has served as the Company's independent registered public accounting firm since 2011. Even if the appointment is ratified, the Audit Committee may, in its discretion, appoint a different independent registered public accounting firm.

Fee Disclosure

The following is a summary of the fees billed by Deloitte for professional services rendered for the years ended December 31, 2018 and December 31, 2017:

	Year Ended December 31, 2018	Year Ended December 31, 2017
	(\$)	(\$)
Audit Fees	1,486,603	1,622,564
Audit Related Fees	168,050	60,700
Tax Fees	12,222	91,464
All Other Fees	2,020	
Total	1,668,895	1,774,728
Audit Fees		

Audit Fees consist of fees and related expenses billed for professional services rendered for the audit of the financial statements and services that are normally provided by Deloitte in connection with statutory and regulatory filings or engagements. For example, audit fees include fees for professional services rendered in connection with quarterly and annual reports, and the issuance of consents by Deloitte to be named in our registration statements and to the use of their audit report in the registration statements.

Audit-Related Fees

Audit-Related Fees consist of fees and related expenses for products and services other than services described under Audit Fees, Tax Fees and All Other Fees. These services included, among others, due diligence related to completed and potential acquisitions, accounting consultations that were not required by statute or regulation and consultations concerning financial accounting and reporting.

Tax Fees

Tax Fees consist of fees and related expenses billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance and tax planning and structuring.

Pre-Approval Policy

All audit, tax and other services provided to us were reviewed and pre-approved by the Audit Committee or a member of the Audit Committee designated by the full committee to pre-approve such services.

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Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm

Generally, the scope of the work to be performed by Deloitte, and the proposed fees associated with the work, are reviewed by management. The proposed work and associated fees are then presented to the Audit Committee for review, and if deemed appropriate, approved. The Audit Committee in its discretion meets with both Deloitte and with management together and, if needed, separately, prior to giving its approval. For approval of minor adjustments to the scope of work or fees, the Audit Committee in its discretion may delegate approval to its chair. The Audit Committee or designated member concluded that the provision of such services by Deloitte was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

A representative of Deloitte will be present at the annual meeting, will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

The Board of Directors recommends
a vote **FOR** the ratification of the appointment
of Deloitte & Touche LLP as the Company's
independent registered public accounting firm for 2019.

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Audit Committee Report

Audit Committee Report

The following is a report by the Audit Committee regarding the responsibilities and functions of the Audit Committee.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors, in accordance with the Audit Committee Charter adopted by the Board. All members of the Audit Committee are independent under SEC rules and NASDAQ listing standards applicable to service on audit committees, and all three members of the Audit Committee are audit committee financial experts as defined by SEC rules. Management is responsible for the preparation of the Company's financial statements and the financial reporting process, including implementing and maintaining effective internal control over financial reporting and for the assessment of, and reporting on, the effectiveness of internal control over financial reporting. The Company's independent registered public accounting firm, Deloitte, is responsible for expressing an opinion on the conformity of the Company's audited financial statements and financial statement schedules with accounting principles generally accepted in the United States of America.

The Audit Committee is responsible for the appointment, compensation and oversight of our independent auditor. Deloitte has served as the Company's independent auditor since 2011. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management and Deloitte the audited financial statements for the year ended December 31, 2018 contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed with management and Deloitte the disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations and Controls and Procedures included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

In addition, the Audit Committee received and discussed the written disclosures and the letter from Deloitte that are required by applicable requirements of the Public Company Accounting Oversight Board regarding the firm's communications with the Audit Committee concerning independence, discussed with Deloitte the firm's independence from management and the Audit Committee, and discussed with Deloitte the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees (as codified, AS 1301). In reviewing the independence of Deloitte, the Audit Committee considers the non-audit fees paid to Deloitte, if any, during the year.

In reliance on the reviews and discussions referred to above, prior to the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 with the SEC, the Audit Committee recommended to the Board of Directors (and the Board approved) that the audited financial statements be included in such Annual Report for filing with the SEC.

Submitted by the Audit Committee

of the Board of Directors

Lynn A. Wentworth (Chair)

John W. Gamble, Jr.

William E. Sullivan

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Executive Officers

Executive Officers

Name	Position(s)	Age
Gary J. Wojtaszek	President, Chief Executive Officer & Director	52
Diane M. Morefield	Executive Vice President & Chief Financial Officer	60
Venkatesh S. Durvasula	Executive Vice President & President, Europe	52
Kevin L. Timmons	Executive Vice President & Chief Technology Officer	55
Robert M. Jackson	Executive Vice President, General Counsel & Secretary	51

For biographical information about Gary J. Wojtaszek, see Proposal 1: Election of Eight Directors Nominees for Election to the Board of Directors above.

Diane M. Morefield**Executive Vice
President****& Chief Financial
Officer****Education:****BS - University of
Illinois****MBA University of****Chicago**

Diane M. Morefield has served as our Executive Vice President & Chief Financial Officer since November 2016. Prior to joining CyrusOne, from 2010 until 2015, Ms. Morefield served as the Executive Vice President & Chief Financial Officer of Strategic Hotels & Resorts, a NYSE listed REIT, where she was responsible for the company's accounting, finance, capital markets, tax, investor relations and IT. Ms. Morefield was also a member of Strategic Hotels' Executive Management Committee that oversaw the strategy and investment activity for the company. Prior to joining Strategic Hotels, Ms. Morefield served in a variety of financial, operating and investor relations roles for leading real estate organizations. From 2007 to 2009, Ms. Morefield was the Chief Financial Officer of Equity International, a private equity firm controlled by Sam Zell, which invests in international real estate companies. From 1997 to 2006, Ms. Morefield was a senior officer with Equity Office Properties Trust, a publicly traded REIT, where she served as Regional Senior Vice President for EOP's Midwest region. Previously, Ms. Morefield was Senior Vice President-Investor Relations at EOP, and was responsible for all investor and public relations. Ms. Morefield is a CPA. Ms. Morefield previously served as a director and chair of the Audit Committee of Spirit Realty Capital, a triple-net lease REIT listed on the NYSE.

Venkatesh S. Durvasula was appointed Executive Vice President & President, Europe effective December 1, 2018. He previously served as our Executive Vice President &

**Venkatesh S.
Durvasula**

**Executive Vice
President & President,
Europe**

Education:

Syracuse University

Chief Commercial Officer, overseeing strategy, marketing and sales from October 2012 through November 2018. Prior to joining CyrusOne, Mr. Durvasula served as the Chief Marketing and Business Officer of Quality Technology Services (QTS) from March 2010 through April 2012. Prior to QTS, he was a co-founder and Chief Operating Officer of NYC-Connect, a privately-held interconnection business that was sold to Digital Realty Trust, Inc. and Telx in 2007. Following that sale, Mr. Durvasula served as the Chief Marketing Officer at Telx until August 2009. Prior to NYC-Connect, Mr. Durvasula served as Vice President of Sales at AboveNet, Inc.

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Executive Officers

Kevin L. Timmons**Executive Vice
President &****Chief Technology
Officer****Education:****BS - University of****Illinois, Urbana-****Champaign**

Kevin L. Timmons has served as our Executive Vice President & Chief Technology Officer since October 2011. Prior to joining CyrusOne, Mr. Timmons led Microsoft's global data center team as General Manager, Data Center Services from 2009 to 2011. Prior to that, Mr. Timmons held several positions between 1999 and 2009 within the operations team at Yahoo! Inc. Mr. Timmons originally joined Yahoo! via the GeoCities acquisition in 1999 as Director of Operations, he was then promoted to Senior Director in 2000, and assumed the role of Vice President, Operations in 2006.

Robert M. Jackson**Executive Vice
President,****General Counsel &
Secretary**

Robert M. Jackson has served as our Executive Vice President, General Counsel & Secretary since August 2015. Prior to joining CyrusOne, Mr. Jackson served as Executive Vice President & Chief Administrative Officer of Storage Post, a privately held owner and operator of self-storage facilities, from April 2014 to July 2015, where he was responsible for legal, accounting, human resources and risk management. Prior to that, from December 2004 to September 2012, Mr. Jackson was Senior Vice President, General Counsel & Corporate Secretary of Cousins Properties Incorporated, a NYSE-listed REIT, where he was responsible for legal, human resources, information technology and risk management. Mr. Jackson was previously a partner at Troutman Sanders LLP, an international law firm headquartered in Atlanta, Georgia.

Education:

**BS - Indiana
University**

**JD - University of
Missouri-Kansas
City**

**LLM - University of
Florida**

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Corporate Governance

Corporate Governance

Notable features of our corporate governance structure include the following:

the Board of Directors is not classified; instead, each of our directors is subject to election annually

as a condition to being nominated, each director nominee must agree to offer to resign if he or she receives a greater number of votes withheld than votes for his or her election as a director in an uncontested election

the Board has a mandatory retirement age (72)

the Board has separated the positions of Chairman and Chief Executive Officer (CEO), with an independent director serving as Chairman

we have opted out of the control share acquisition statute of the Maryland General Corporation Law

we have no stockholder rights plan in effect

our Bylaws may be amended by our shareholders by the affirmative vote of a majority of the votes entitled to be cast on the matter

each director is independent within the meaning of the NASDAQ listing standards, other than Mr. Wojtaszek, who is our president & CEO

our independent directors meet regularly in executive sessions without the presence of management

each of the members of the Audit Committee and Compensation Committee meet the heightened independence standards within the meaning of the federal securities laws and NASDAQ listing standards for service on those committees

each member of the Audit Committee qualifies as an Audit Committee financial expert as defined by the SEC
Role of the Board in Risk Oversight

One of the key functions of the Board of Directors is informed oversight of our enterprise risk management process. The Board administers this oversight function directly, with support from the other standing committees of the Board, each of which addresses risks specific to their respective areas of oversight. In particular, among other things, the Audit Committee has the responsibility to consider and discuss our major financial and regulatory risk exposures (including cybersecurity) and the steps our management has taken to identify, assess, monitor and mitigate these exposures, including the process by which risk assessment and management is undertaken. The Audit Committee also oversees and monitors the performance of our internal audit function and the annual internal audit plan and budget, compliance with the Company's policy on related party transactions, our executives' compliance with the Company's code of business conduct and ethics, and the Company's ethics and compliance reporting helpline. The Compensation Committee oversees succession planning for our executive officers and assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. The Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines and trends and developments in corporate governance. The Transaction Committee assists the Board with its oversight function in reviewing strategic transactions and capital allocations that arise between regularly scheduled Board meetings, as delegated by the Board.

Board Leadership

The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management. The Board understands that there is no single, generally accepted approach to providing Board leadership and the right Board leadership structure may vary as circumstances warrant. Consistent with this understanding, the Board of Directors considers its leadership structure on an annual basis.

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Corporate Governance

The Board of Directors may designate a chairman of the Board, who may or may not be an executive chairman. Since June 2014, Alex Shumate has served as our Chairman of the Board of Directors. Based on its most recent review of our leadership structure and the needs of the Company, the Board continues to believe that having Mr. Shumate serving in this position is optimal because it provides our Company with strong, effective and consistent leadership. Furthermore, our corporate governance guidelines provide that it is the Board's general policy that the positions of Chairman of the Board and CEO should be separate persons as an aid to the Board's oversight of management. The corporate governance guidelines also require a lead independent director, which since June 2014 has been Mr. Shumate.

In considering its leadership structure, the Board has taken a number of factors into account. The Board, which consists solely of independent directors, other than Mr. Wojtaszek, exercises a strong, self-governing oversight function. Further, the Audit, Compensation, Nominating and Corporate Governance, and Transaction Committees are each comprised entirely of independent directors, enhancing the Board's oversight function. A number of Board and committee processes and procedures, including regular executive sessions of independent directors and a regular review of our executive officers' performance, provide substantial independent oversight of our management's performance. Finally, under our Bylaws and corporate governance guidelines, the Board has the ability to change this structure, should it deem doing so to be appropriate and in the best interests of our Company. The Board believes that these factors provide the appropriate balance between the independent authority of those who oversee our Company and those who manage it on a day-to-day basis.

The Chairman of the Board presides at all meetings of the Board of Directors, unless otherwise prescribed. The Chairman performs such other duties, and exercises such powers, as from time to time shall be prescribed in our Bylaws or by the Board of Directors.

Director Independence

In accordance with the corporate governance listing standards of NASDAQ and our corporate governance guidelines, the Board, upon the recommendation of the Nominating and Corporate Governance Committee that is comprised solely of independent members, affirmatively evaluates and determines the independence of each director and each nominee for election. Based on an analysis of information supplied by the directors, and other information including the matters set forth in Certain Relationships and Related Transactions, the Board evaluates whether any director has any relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Based on these standards, the Board affirmatively determined that each of the following directors is independent: Alex Shumate, David H. Ferdman, John W. Gamble, Jr., Michael A. Klayko, T. Tod Nielsen, William E. Sullivan and Lynn A. Wentworth. In determining Mr. Klayko's independence, the Board has considered the Company's employment of Mr. Klayko's son-in-law as an account director in the Company's sales organization, which is permissible under applicable NASDAQ standards for independence and our independence standards, and determined that such employment did not interfere with the exercise of independent judgment by Mr. Klayko in carrying out his responsibilities as a director of the Company. Mr. Klayko's son-in-law is not an officer of the Company and his employment was reviewed and approved by the Audit Committee of the Board pursuant to the Company's Policy on Related Party Transactions. For 2018, Mr. Klayko's son-in-law's compensation was approximately \$126,000 and is disclosed below in Certain Relationships and Related Transactions - Review and Approval of Transactions with

Related Persons .

The Board determined that Gary J. Wojtaszek is not independent because he is our President & CEO.

Board Meetings

In 2018, the Board of Directors held eight meetings, the Audit Committee held seven meetings, the Compensation Committee held five meetings, and the Nominating and Corporate Governance Committee

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Corporate Governance

held four meetings. The Transaction Committee and the Executive Committee did not meet during 2018. Each director attended over 75% of the meetings of the Board and his or her respective committee(s) in 2018.

Although we do not have a policy requiring directors' attendance at annual meetings of stockholders, they are expected to do so. Each of our directors attended our 2018 annual meeting of stockholders, except Mr. Shumate who was unable to attend due to travel conflicts.

The Board of Directors regularly meets in executive session, without management present. In addition, the independent directors of the Board and the committees meet regularly in independent sessions without management or non-independent directors present. Generally, these executive sessions follow after each quarterly meeting of the Board and each committee. Alex Shumate, our Chairman and lead independent director, presides over such independent, non-management sessions of the Board. In 2018, the independent directors met at least four times in such independent sessions. As deemed necessary, directors also discuss matters informally between Board and committee meetings.

Board Committees

Audit Committee

The Audit Committee helps ensure the integrity of our accounting and financial reporting processes and our financial statements, the qualifications and independence of our independent auditor, the performance of our internal audit function and independent auditors, as well as our compliance with legal and regulatory requirements and our overall risk profile. The Audit Committee selects, approves compensation of, assists and meets with the independent auditor, oversees each annual audit and quarterly review, discusses with management disclosures relating to our internal controls over financial reporting and prepares the report that federal securities laws require be included in our annual proxy statement.

Members:

Ms. Wentworth
(chair)*

Mr. Gamble*

Mr. Sullivan*

*Audit Committee

Financial Expert

Compensation Committee

The Compensation Committee evaluates and approves the compensation and benefits of our executive officers, administers and makes recommendations to our Board of Directors regarding our base compensation and short- and long-term incentive compensation,

Members:

Mr. Nielsen (chair)

oversees CEO and management performance and succession planning, and produces an annual report on executive compensation for inclusion in our proxy statement.

Mr. Klayko

Ms. Wentworth

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee oversees an annual evaluation of our Board of Directors and its committees, develops and recommends to our Board of Directors a set of corporate governance guidelines, a code of business conduct and ethics and related policies and periodically reviews and recommends updates and changes to the Board of Directors, monitors our compliance with applicable corporate governance requirements and the rules and regulations of NASDAQ, establishes criteria for prospective members of our Board of Directors, conducts candidate searches and interviews and recommends individuals to fill vacant director and committee positions to our Board of Directors.

Members:

Mr. Sullivan (chair)

Mr. Klayko

Mr. Shumate

Transaction Committee

The Transaction Committee has the authority to assist our Board of Directors in fulfilling its oversight responsibility with the review and monitoring of strategic transactions or capital allocations that may arise between regularly scheduled meetings of the Board.

Members:

Mr. Klayko (chair)

Mr. Ferdman

Ms. Wentworth

Executive Committee

The Executive Committee has the authority and power to exercise all duties of the Board between meetings, except as prohibited by law, when urgent action is required and such other functions which from time to time may be assigned to it by the Board. The Executive Committee is responsible for reporting to the full Board at its next regular meeting all actions taken or items discussed at any Executive Committee meetings.

Members:

Mr. Shumate (chair)

Ms. Wentworth

Mr. Wojtaszek

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Corporate Governance

Each of the committees, other than the Executive Committee, operates pursuant to a written charter which is available on our website at www.cyrusone.com in the Corporate Governance section.

Under our corporate governance guidelines, the composition of each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee must comply with the rules of the SEC and listing standards and other rules and regulations of NASDAQ. Our corporate governance guidelines define independent director by reference to the rules of the SEC and rules, regulations and listing standards of NASDAQ, which generally deem a director to be independent if the director has no relationship that may interfere with the exercise of independent judgment in carrying out such director's responsibilities, and which further impose heightened requirements of independence for members of the Audit and Compensation Committees.

Each of our committees, other than the Executive Committee, consists entirely of independent directors, and each of the members of the Audit Committee and the Compensation Committee meet applicable heightened requirements for service on such committees.

Board and Committee Evaluations

The Board and each of its committees perform an annual performance evaluation, with each director performing a self-evaluation of his or her Board and committee experiences. The Nominating and Corporate Governance Committee oversees the annual performance evaluation process and considers various methods of performing the same. For 2018, the self-evaluations were conducted through questionnaires prepared by the Corporate Secretary. Generally, the evaluation process described below is managed by the Corporate Secretary's office with oversight by the Nominating and Corporate Governance Committee to ensure the process remains as thorough and transparent as possible. The annual evaluation includes a review of each Committee's charter.

Our Board and Committee evaluations cover the following general topics:

- Organization & Membership
- Key Responsibilities
- Accountability & Independence
- Meetings, Information & Resources

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Corporate Governance

Nomination of Directors

Before each annual meeting of stockholders, the Nominating and Corporate Governance Committee considers the nomination of all incumbent directors, and also considers new candidates whenever there is a vacancy on the Board or whenever a vacancy is anticipated due to a change in the size or composition of the Board, a retirement of a director or for any other reason. In addition to considering incumbent directors, the Committee may identify director candidates based on recommendations from any qualified individual or group, including, but not limited to, stockholders, the incumbent directors and members of management. The Committee has, and may in the future, engage the services of third-party search firms to assist in identifying or evaluating director candidates.

The Committee evaluates annually the effectiveness of the Board as a whole, its committees, and of each individual director and identifies any areas in which the Board would be better served by adding new members with different skills, backgrounds or areas of experience.

The Board of Directors considers director candidates based on a number of attributes, including:

- Established leadership reputation in his/her field
- Reputation for good business judgment
- Active in business or academia
- Knowledge of business on a national/global basis
- Meets high ethical standards
- Commitment to regular Board/committee meeting attendance
- Familiarity with data center facilities and operations
- Whether the candidate would contribute to Board's diversity of experience, profession, expertise, skills and background (including with respect to race and gender)

Candidates also are evaluated based on their understanding of our business and willingness to devote adequate time to carrying out their duties. The Committee also monitors the mix of skills, experience and background to assure that the Board has the necessary composition to effectively perform its oversight function. As listed above, diversity characteristics of the board as a whole and of a particular candidate are one of several factors considered by the Committee when evaluating director candidates. However, a candidate will neither be included nor excluded from consideration solely based on his or her diversity traits. The Committee conducts regular reviews of current directors in light of the considerations described above and their past contributions to the Board of Directors.

The Committee will consider appropriate director candidates recommended by a stockholder, evaluating such candidates on the same basis as any other candidates. We did not receive any recommendations of director candidates or director nominations by stockholders for the 2019 annual meeting.

Edgar Filing: CyrusOne Inc. - Form DEF 14A

Recommendations for nominations should be addressed to CyrusOne Inc., 2101 Cedar Springs Road, Suite 900, Dallas, Texas 75201, Attention: Corporate Secretary, indicating the candidate's qualifications and other relevant biographical information and providing confirmation of the candidate's consent to serve as a director, if elected. Stockholders may also nominate qualified individuals for election to the Board by complying with the advance notice and other requirements of our current Bylaws regarding director nominations. These requirements are also described under Stockholder Proposals.

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Corporate Governance

Majority Voting Resignation Policy for Election of Directors

Our corporate governance guidelines provide that, as a condition to nomination, each director will agree to offer to resign if at a meeting of the stockholders relating to an uncontested election, the director receives a greater number of votes withheld than votes for such election. The Nominating and Corporate Governance Committee will consider the offer and recommend to the Board whether to accept or reject the offer to resign within 60 days following the certification of the stockholder vote. No later than 90 days following the certification of the stockholder vote, the Board will decide whether to accept the offer to resign. Any director who offers to resign is prohibited from participating in the Nominating and Corporate Governance Committee's deliberations or recommendation, or in the Board's deliberations and determination, regarding whether to accept his or her offer of resignation.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee has been an officer or employee of the Company. None of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that serves on our board of directors or the Compensation Committee.

Corporate Governance Materials Available on Website

We have adopted corporate governance guidelines and a code of business conduct and ethics that applies to all of our executive officers and employees, and each member of the Board of Directors. We anticipate that any amendments or waivers of our code of business conduct and ethics will be posted on our website. The following documents are available on our website at www.cyrusone.com in the Corporate Governance area of the Investors tab:

Corporate Governance Guidelines
Code of Business Conduct and Ethics

Compensation Committee Charter
Nominating and Corporate Governance Committee
Charter

Audit Committee Charter

Transaction Committee Charter

Copies of the documents listed above are also available in print to any stockholder who requests them. Requests should be sent to CyrusOne Inc., 2101 Cedar Springs Road, Suite 900, Dallas, Texas 75201, Attention: Corporate Secretary.

Contacting the Board of Directors

Any party may contact the Board of Directors, any committee of the Board, the independent directors as a group, or any individual director(s), via mail at the address listed below.

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[Board of Directors / independent directors / committee / individual director name]

c/o Corporate Secretary

CyrusOne Inc.

2101 Cedar Springs Road, Suite 900

Dallas, Texas 75201

Any party may contact the Board of Directors via e-mail at: boardofdirectors@cyrusone.com

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Corporate Governance

The Audit Committee has adopted a process for anyone to send communications to the Audit Committee with concerns or complaints concerning our Company's regulatory compliance, accounting, audit or internal controls. Any party may contact the Audit Committee via mail or email at the address listed below:

Chair

Audit Committee

CyrusOne Inc.

2101 Cedar Springs Road, Suite 900

Dallas, Texas 75201

auditcommittee@cyrusone.com

Alternatively, anyone may call our toll-free ethics and compliance helpline at 1-844-348-5823 or visit www.cyrusone.ethicspoint.com.

Relevant communications are distributed to the Board, or to any individual director or directors, as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board of Directors has requested that certain items unrelated to the duties and responsibilities of the Board should be excluded or redirected, as appropriate, such as: business solicitations or advertisements; junk mail and mass mailings; resumes and other forms of job inquiries; spam; and surveys.

In addition, material that is unduly hostile, threatening, potentially illegal or similarly unsuitable will be excluded.

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Board Compensation for 2018

Board Compensation for 2018

We use a combination of cash and equity compensation to attract and retain qualified candidates to serve on the Board. The Compensation Committee periodically reviews non-employee director compensation with the advice of its independent compensation consultant and makes recommendations to the Board for any changes it considers appropriate. During 2017, our Compensation Committee reviewed non-employee director compensation benchmarking data provided by its independent compensation consultant and determined not to make any changes to the program for 2018. The Compensation Committee conducted a similar review during 2018 and determined not to make any change to the program for 2019.

Non-Employee Director Compensation Program

Compensation Component	Amount
ANNUAL BOARD RETAINER:	
Cash	\$ 75,000
Equity (restricted stock with 1-year vesting requirement)	\$125,000
CHAIRPERSON RETAINERS:	
Independent Chairperson of the Board	\$100,000
Audit Committee Chair	\$ 25,000
Compensation Committee Chair	\$ 20,000
Nominating and Corporate Governance Committee & Transaction Committee Chairs	\$ 15,000
COMMITTEE MEMBER RETAINERS:	
Audit Committee Member	\$ 10,000
Compensation Committee Member	\$ 10,000
Nominating and Corporate Governance Committee & Transaction Committee Members	\$ 7,500
PER-MEETING FEES	\$ 0
BOARD COMPOSITION:	
Number of Board Members	8
Number of Independent Members	7
Independent Chairperson of the Board	Yes
BOARD STOCK OWNERSHIP POLICIES:	
Director Stock Ownership Guidelines	5x Annual Cash Retainer
Pledging and Hedging	Prohibited
Our non-employee directors have five years from the time they are elected to meet the minimum stock ownership requirements. Directors are also covered by our written policy that prohibits hedging and pledging of Company securities, as described under Other Compensation-Related Policies of this proxy statement.	

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Board Compensation for 2018

The following table summarizes the compensation that we paid to our non-employee directors in 2018. Our CEO does not receive compensation for his service as a director, and his compensation for service as our CEO is disclosed in the Summary Compensation Table.

2018 Director Compensation Table

Name	Fees Earned or Paid in Cash	Stock Awards	Total
	(\$)	\$(1)	(\$)
Alex Shumate	182,500	124,991	307,491
William E. Sullivan	100,000	124,991	224,991
Lynn A. Wentworth	117,500	124,991	242,491
T. Tod Nielsen	95,000	124,991	219,991
John W. Gamble, Jr.	85,000	124,991	209,991
David H. Ferdman	82,500	124,991	207,491
Michael A. Klayko	107,500	124,991	232,491

(1) Reflects the aggregate grant date fair value of the restricted stock awards granted in 2018, determined in accordance with Financial Accounting Standards Board ASC Topic 718 Stock Compensation (FASB ASC 718).

The assumptions used in the calculation of the grant date fair value are set forth in Note 19 to the financial statements in our annual report on Form 10-K filed with the SEC on February 22, 2019.

As of December 31, 2018, each of our non-employee directors held 2,436 shares of unvested restricted stock and no stock options.

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Executive Compensation

Executive Compensation

Compensation Discussion and Analysis

The Compensation Committee is responsible for the Company's executive compensation philosophy and policies, as well as the annual executive compensation program that flows from them. This section of the Proxy Statement contains a detailed explanation of the compensation arrangements for our Named Executive Officers (NEOs) for 2018.

CyrusOne's Named Executive Officers

Gary J. Wojtaszek

President & Chief Executive Officer

Diane M. Morefield

Executive Vice President & Chief Financial

Officer

Venkatesh S. Durvasula

Executive Vice President & President, Europe(1)

Kevin L. Timmons

Executive Vice President & Chief Technology Officer

Robert M. Jackson

Executive Vice President, General Counsel

& Secretary

(1) Mr. Durvasula was appointed Executive Vice President & President, Europe effective December 1, 2018. He previously served as Executive Vice President & Chief Commercial Officer.

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Executive Summary

Our long-term success depends on our ability to attract, motivate, focus and retain highly talented individuals who are committed to our vision and strategy. A key objective of our executive compensation program is to create an ownership culture that aligns pay to performance that advances our business strategies and overall stockholder value creation. Other objectives include encouraging high-performing executives to remain with us over the course of their careers. We believe that the amount of compensation for each of our NEOs reflects extensive management experience, continued high performance and exceptional service to CyrusOne. We also believe that our compensation strategies have been effective in attracting executive talent and promoting performance and retention.

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Executive Compensation

Performance Highlights

Cumulative Total Return since January 2013 IPO of CyrusOne⁽¹⁾

(1) Assumes \$100 investment in each on January 18, 2013 and reinvestment of dividends, if any.

(2) Coresite, Digital Realty Trust, Equinix Inc. and QTS

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Executive Compensation

Compensation Objectives and Governance Highlights

Our fundamental objective is to be outstanding stewards of our stockholders' capital by creating value on a consistent, long-term basis. Our compensation philosophy is to incentivize thoughtful capital allocation and value creation for our stockholders by attracting and retaining talented executives with competitive pay packages intended to cultivate an ownership culture, to align the compensation for our executive officers with sustainable, consistent, balanced growth and to achieve specific short- and long-term goals set by the Compensation Committee. We use a combination of compensation programs to incent our executive officers to achieve growth and value creation over the short- and long-term. We supplement our pay for performance program with a number of compensation policies intended to encourage an ownership culture and align the interests of management with those of our stockholders. These include:

DESIGN PRINCIPLES**WHAT WE DO:**

We link pay to performance; we reward our NEOs based upon the value they create

The vast majority of NEO pay is variable based on performance

We set rigorous and measurable performance goals at the beginning of the performance period across our short-term incentive and long-term incentive plans, placing significant emphasis on multi-year, total stockholder return performance

We compensate fairly and competitively, but not excessively

WHAT WE DON'T DO:

We do not target pay above the market median but rather use it as an initial reference point

We do not encourage unnecessary or excessive risk taking as a result of our compensation policies

We do not guarantee incentive compensation under our annual cash bonus or long-term incentive plan

We do not have uncapped bonus amounts under our incentive plans.

GOVERNANCE PRACTICES

WHAT WE DO:

WHAT WE DON'T DO:

We have robust stock ownership guidelines for our CEO (6x base salary) and directors (5x cash retainer)

We do not provide NEOs with tax gross-ups upon a change in control

We maintain a clawback policy whereby we can recoup incentive compensation in the event of certain financial restatements

We do not re-price outstanding stock options, whether vested or unvested

We prohibit pledging and hedging of our common stock

We do not pay dividends or dividend equivalents on unvested performance awards rather, such amounts are paid only if and to the extent that the applicable performance targets are in fact met

The Compensation Committee retains an independent compensation consultant. The consultant does not work for the Company other than advising the Compensation Committee

We do not provide separate benefit plans for our NEOs; our NEOs participate in the same benefit plans available to salaried employees

We perform an annual compensation risk assessment

We do not provide pension benefits or supplemental retirement plans

We engage with our stockholders on compensation and governance matters

We do not provide excessive perquisites to our NEOs

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Executive Compensation

Alignment of Pay with Performance

Our executive compensation program provides significant alignment between pay and performance by linking a meaningful portion of our NEOs' total target compensation to the achievement of pre-established financial and strategic goals under our annual incentive bonus program and the Company's relative total shareholder return (TSR) under our long-term incentive grants. The following charts present the allocation of total pay among different components for our CEO and for our other NEOs as a group, in 2018.

How We Make Compensation Decisions

Role of the Compensation Committee and Management

All compensation for the NEOs (including the CEO) is set by the Compensation Committee annually. The Committee also determines measurements and targets, and performance relative to them, under our annual and long-term incentives for the NEOs. Individual base salaries, and annual and long-term incentive targets, are determined by the Committee after taking into consideration a number of internal and external factors, including the external marketplace and peer group data, the executive's position and responsibility, the demand for executive talent in the marketplace, the Company's performance, and the individual's performance and future potential. The Committee also considers the CEO's self-performance evaluation when setting the CEO's compensation and, with respect to each of the other NEOs, the CEO's recommendations for base salary and annual and long-term incentive targets, as well as actual awards, based on his assessment of their individual performance.

Role of Compensation Consultant and Market Data

For 2018, the Compensation Committee engaged FPL Associates, L.P. (FPL) to assist it in the performance of its duties and to make recommendations to the Committee with respect to NEO and director compensation. FPL assisted the Committee in development of the peer group framework for 2018 and advised the Committee on the 2018 base salaries, target bonuses and LTI awards for our NEOs, and benchmarking for our non-employee director compensation program. The Committee also worked with FPL to update our peer group composition and methodology for 2018, taking into account feedback received through our stockholder engagement, and to conduct a competitive market assessment of the compensation elements for each of our executive officers, compared to our peer groups. An FPL consultant attends certain Compensation Committee meetings as requested by the Compensation Committee. FPL has not been engaged by management to perform any other work for the Company. We paid FPL approximately \$107,000 in 2018 for their service as a compensation consultant. In 2018, management engaged Ferguson Partners, an executive search firm and an affiliate of FPL, to assist in the search for a chief accounting officer. Ferguson Partners was paid \$145,600 in 2018 for their services.

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Executive Compensation

Compensation Consultant Independence Assessment

FPL has served as the Compensation Committee's compensation consultant since July 2017.

In connection with the engagement of FPL, the Committee requested and received information from FPL addressing its independence and potential conflicts of interest. Information provided by FPL included a description of the Company's engagement of Ferguson Partners described above. Based on an assessment of these factors, as well as information gathered from directors and executive officers addressing business or personal relationships between directors or executive officers and the consulting firm or the individual consultants, the Committee concluded that FPL is independent and that the work of the consultant, including services provided by Ferguson Partners, did not raise any conflict of interest. The Committee evaluates the independence of FPL at least annually.

Use of Data

The Compensation Committee believes that data plays an important role in the design and implementation of optimal compensation programs. The Committee considers a number of types of internal and external data in making both individual and plan-level compensation decisions. Peer group data plays an important role in our compensation decision making, enabling the Committee to evaluate whether the Company's compensation policies are aligned with Company performance and providing the Committee a market check of its compensation program design and features. The Committee uses peer groups to maintain an awareness of market data and pay practices, but considers various factors—each as discussed in greater detail below in this Compensation Discussion and Analysis and does not target any element of compensation at a particular percentile or percentile range of the peer group data. Rather, the Committee uses data and the market median as an initial reference point and their judgment in its decision-making process.

Use of Judgment

The Compensation Committee believes that the application of its collective experiences and judgment is as important to excellence in compensation as the use of data and formulae, and the Company's compensation policies and practices as described herein reflect this belief. Market data provides an important tool for analysis and decision-making. However, the Committee believes that over-reliance on data can give a false illusion of precision. Consequently, the Committee also gives consideration and emphasis to an individual's personal contributions to the organization, as well as his skill set, qualifications and experience. The Committee also values and seeks to reward performance that develops talent within the Company, embraces the sense of urgency that we believe distinguishes the Company and demonstrates the qualities of imagination and drive that enables a Company executive to resolve longer-term challenges and address important new issues. The Committee believes these and similar qualities and attributes are not easily correlated to typical compensation data, but also deserve consideration and weight in reaching compensation decisions.

Peer Groups

The Compensation Committee evaluates the members of our peer group each year to ensure that they continue to be appropriate. Prior to 2018, our Compensation Committee used three different peer groups in making compensation decisions: a direct competitor peer group, which included competitors against which the company competes for

colocation customers; a size based peer group, which included real estate investment trusts that are comparable in size and against which the Company's financial performance is measured by the real estate investors; and a cloud based technology group, which included companies that provide thought leadership on products which drive colocation decisions for companies such as ours.

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Executive Compensation

In the second half of 2017, after considering feedback from our stockholders received as part of our outreach efforts, the Compensation Committee, with the assistance of FPL, determined to revise our compensation peer groups to take into account our size and our complex business model. Based on a review of market data, with the assistance of FPL, the Compensation Committee determined to use two peer groups for purposes of 2018 compensation decisions:

a size-based peer group, comprised of high growth REITs of similar size (0.5x to 2x of our total capitalization) and asset focus (such as data center/industrial or specialty); and

a technology real estate peer group.

The table below identifies the companies in each of these peer groups:

SIZE-BASED REIT PEER GROUP

Alexandria Real Estate Equities, Inc.
American Campus Communities, Inc.
Camden Property Trust
DCT Industrial Trust Inc.*
Duke Realty Corporation
DuPont Fabros Technology, Inc.*
First Industrial Realty Trust, Inc.
Gramercy Property Trust*
Healthcare Trust of America, Inc.*
Hudson Pacific Properties, Inc.*
Invitation Homes Inc.
Iron Mountain Incorporated
Liberty Property Trust
Medical Properties Trust, Inc.*
STAG Industrial, Inc.
STORE Capital Corporation*
Sun Communities, Inc.

TECHNOLOGY REAL ESTATE PEER GROUP

American Tower Corporation
CoreSite Realty Corporation*
Crown Castle International Corp.
Digital Realty Trust, Inc.*
DuPont Fabros Technology, Inc.*
Equinix, Inc.*
QTS Realty Trust, Inc.*
SBA Communications Corporation
Uniti Group Inc.
Zayo Group Holdings Inc.

*Included in prior year Peer Group

Stockholder Engagement & Say on Pay Vote

We hold annual Say on Pay votes. At our 2018 annual meeting, approximately 86% of the votes cast were in favor of the Company's executive compensation for fiscal 2017. We continue to maintain an active dialogue with our stockholders regarding our executive compensation program. In 2018, our Compensation Committee chair held individual meetings with five of our top 10 largest stockholders. Since the beginning of 2017, our Board, primarily through the Compensation Committee, has held individual meetings with stockholders who collectively owned approximately 60% of our outstanding stock. We remain committed to listening to feedback from our stockholders and will continue to actively engage with our investors to solicit feedback on our executive compensation program (such as questions about our peer groups, which led to the peer group changes described above) and governance practices generally.

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Executive Compensation

2018 Executive Compensation Components

Component	Objective	Key features
Base Salary	To provide salary levels sufficient to attract and retain NEOs.	<p>Fixed cash salary that is both market-derived and market-driven.</p> <p>Year-to-year based on NEO performance as well as Company performance.</p> <p>Adjustments considered yearly based on median salaries of peer company NEOs.</p>
Annual Incentive Bonus	To encourage NEOs to pursue annual goals that will benefit the Company and stockholders in both the short- and long-term.	<p>80% of our annual cash bonus awards are tied to achievement of financial goals-30% is tied to revenue and 50% is tied to Normalized FFO.</p> <p>20% of our annual cash bonus awards are tied to individual performance.</p>
Long-Term Incentive	To promote NEO retention and to create an ownership culture that closely aligns the interests of the NEOs with those of our stockholders.	75% of our LTI awards consist of a performance-based restricted stock unit component, which vests over a three-year period contingent upon achievement of relative TSR goals.

25% of our LTI awards consist of a time-based restricted stock unit component, which vests ratably over three years.

Base Salary

Policy and Process. Base salary, which under our compensation program is market-derived and market-driven, represents the fixed component of our executive officer compensation program paid in cash. The main purpose of base salary compensation is to provide cash compensation levels sufficient to attract and retain executive officers. Base salary is targeted to be approximately 10% to 30% or less of total target annual compensation opportunity for each of the NEOs. The actual percentages will vary from year to year based on each NEO's performance, as well as the Company's performance, within that year. Because one of the primary objectives of our executive compensation program is to instill an ownership mentality, the base salary component constitutes a smaller percentage of total compensation than incentive-based compensation. On an annual basis, the Compensation Committee reviews the base salary of each of the NEOs and considers adjustments to place executive officer base salary in a position approximately equal to the median base salary paid to similarly situated executives of the peer group companies, subject to further adjustment for individual performance and personal contributions.

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Executive Compensation

2018 Base Salaries. The table below summarizes the base salaries approved for each of our NEOs. The Compensation Committee reviews base salaries annually as part of its annual compensation review. In February 2018, the Committee approved an increase for all of our NEOs other than our CEO, based on a review of market and benchmarking data.

	2018 Base Salary	2017 Base Salary	2016 Base Salary	2018 vs. 2016 Change
	(\$)	(\$)	(\$)	(%)
Mr. Wojtaszek	800,000	800,000	800,000	0.0%
Ms. Morefield	475,000	425,000	425,000	11.8%
Mr. Durvasula(1)	475,000	450,000	450,000	5.6%
Mr. Timmons	425,000	400,000	400,000	6.3%
Mr. Jackson	352,000	320,000	320,000	10.0%

(1) Effective December 1, 2018, Mr. Durvasula received a base salary increase to \$550,000 in connection with his promotion to Executive Vice President & President, Europe.

Annual Incentive Bonus Opportunity

Policy and Process. Our annual incentive bonus awards are designed to encourage our executive officers to pursue annual goals that will inure to the benefit of our Company and stockholders in both the short- and long-term. Annual incentive bonus award opportunities are intended to reward NEOs whose contributions improve the operational performance of our existing portfolio and the Company, enhance short-term strategic goals and generate new business opportunities and investments, all of which are intended to create stockholder value over the long-term.

Each of our NEOs participated in our annual incentive bonus plan for 2018, pursuant to which each NEO had an opportunity to earn additional cash compensation based on achievement of pre-established financial goals (weighted 80%) and individual performance (weighted 20%).

The Compensation Committee reviewed the bonus targets, as a percentage of base salary, of our NEOs in February 2018 as part of its annual compensation review and determined no adjustments were necessary for 2018. The annual incentive target remained 175% of base salary for our CEO and 100% of base salary for other NEOs.

The table below depicts the annual incentive bonus opportunity for each NEO for 2018:

	Threshold	Target	Maximum
	(25% of Target)		(200% of Target)
Name	(\$)	(\$)	(\$)

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Mr. Wojtaszek	350,000	1,400,000	2,800,000
Ms. Morefield	118,750	475,000	950,000
Mr. Durvasula	118,750	475,000	950,000
Mr. Timmons	106,250	425,000	850,000
Mr. Jackson	88,000	352,000	704,000

Amounts in table above assume annualized 2018 base salary rates. Each NEO's actual bonus is calculated using actual salary earned for 2018, as reported in the Salary Column of the 2018 Summary Compensation Table.

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Executive Compensation

Financial Goals. The following graphs show the threshold, target, maximum and actual performance levels for each financial component of the 2018 bonus opportunities for our NEOs, in millions:

Revenue: The Compensation Committee considers revenue to be an important indicator of financial performance. It also is a metric typically evaluated by investors and analysts and is used by many of our peers to evaluate performance. The revenue target established for 2018 was approximately 20% higher than the actual revenue for 2017 (\$809.5M vs. \$672M). Actual revenue for 2018 was \$821.4 million.

Normalized FFO⁽¹⁾: The Compensation Committee considers Normalized FFO, or NFFO, to be an important indicator of the Company's overall financial performance. It also is a metric typically used by investors and analysts, as well as many of our peers, to evaluate performance. The Normalized FFO target established for 2018 was approximately 16% higher than the actual Normalized FFO results for 2017 (\$324M vs. \$278.9M). Actual Normalized FFO for 2018 was \$332.3 million.

(1) Normalized NFFO is calculated from the Company's financial statements as set forth in Appendix A.

The Compensation Committee exercised discretion and determined to adjust the original revenue and Normalized FFO targets to exclude budgeted revenue from the planned acquisition of Zenium due to the delayed closing date of the acquisition as a result of the timing of required regulatory review.

In determining payouts, the following sliding scale is applied to the financial performance targets, with data between points interpolated on a straight-line basis.

Performance Percentage of Target	Payout Percentage
<80%	0%
80%	25%
90%	50%
100%	100%
115%	200%

Based on this, the Company's performance relative to the financial goals resulted in a weighted payout of 91.7% of target on the financial component, which accounts for 80% of each NEO's target bonus opportunity.

Individual Performance. The remaining 20% of each NEO's annual bonus opportunity relates to his or her individual performance and contributions relative to the Company's achievement of the financial performance measures. Based on the Company's above-target performance on the financial goals, the Compensation Committee approved the payout of the individual performance component for Mr. Wojtaszek at above-target, and at or above-target for the other NEOs, as reflected in the table below.

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Executive Compensation

2018 Annual Incentive Bonus Payouts. Actual payouts to the named executive officers reflect the Company's attainment of the financial goals and a qualitative assessment of each NEO's individual accomplishments and contributions to the Company's performance. The following table sets forth the award earned by each NEO under the 2018 annual incentive bonus plan (and, for reference, under the 2017 annual incentive bonus plan):

Name	2018		2017	
	(\$)	% of Target(1)	(\$)	% of Target(1)
Mr. Wojtaszek	1,683,101	120.2	1,769,601	126.4
Ms. Morefield	610,147	131.7	537,200	126.4
Mr. Durvasula	527,117	111.7	568,800	126.4
Mr. Timmons	468,071	111.7	505,600	126.4
Mr. Jackson	453,686	131.7	404,480	126.4

(1) Target bonus and % of Target are based on actual salary earned during the fiscal year as presented in the Summary Compensation Table.

Long-Term Incentives

Policy and Process. The third component of NEO compensation is targeted toward providing rewards for long-term stockholder value creation. The Compensation Committee believes that long-term incentive awards are the component of executive compensation best suited to promote retention and create an ownership culture that closely aligns the interests of the executive officers with those of our stockholders. Accordingly, at the target level, long-term incentive awards constitute the highest targeted percentage of any of the compensation components paid to each of our NEOs.

Long-Term Incentive Compensation Program. We believe that outstanding long-term performance is achieved through an ownership culture that encourages a focus on long-term stockholder value creation by our executive officers through the use of equity-based awards. In particular, the Compensation Committee and the Board feel that one way to align the Company's strategy with the executive long-term incentive compensation is to tie the awards directly to the returns provided to our stockholders. As such, long-term incentive (LTI) awards are made annually under our long-term incentive compensation programs.

2018 LTI Awards. The LTI awards granted to our NEOs in 2018 consisted of a performance-based restricted stock unit component (75%), which vests based upon achievement of specified TSR goals as compared to the MSCI US REIT Index over a three-year performance period (2018-2020), and a time-based restricted stock unit component (25%), which vests ratably over three years.

Long-Term Incentive Program

In selecting relative TSR as the sole performance metric for the 2018 (and 2017) awards, the Compensation Committee considered relevant peer data as well as market practices. The Compensation Committee believes TSR is widely accepted by investors and demonstrates the strong alignment between executive pay and performance. LTI awards granted in 2015 and 2016 also included a return on assets (ROA) metric. In that regard, the Compensation Committee believes that TSR is more directly focused on stockholder returns, and the elimination of the ROA metric also removes volatility associated with acquisitions that remain part of the Company s growth strategy.

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Executive Compensation

The Compensation Committee determined the 2018 LTI award values for the NEOs based on the market and peer data provided by FPL, individual and Company performance in 2017, and the value of the other components that make up each NEO's target total direct compensation. The Compensation Committee increased the target dollar value of 2018 LTI awards by approximately 20% for Mr. Wojtaszek, based primarily on market data, individual and Company performance and strong demand for executive talent, and by approximately 10% to 50% for each of the other NEOs, in each case based primarily on market data and strong demand for executive talent. There were no off-cycle or special retention grants made in 2018 or 2017 to any of the NEOs.

The grant date fair value of the LTI awards to our NEOs made in February 2018, as determined in accordance with FASB ASC 718, was:

	Total Target LTI Award Value	Performance Shares (at target)	Time-Based Restricted Stock
	(\$)	(\$)	(\$)
Mr. Wojtaszek	4,376,808	3,301,761	1,075,047
Ms. Morefield	1,221,438	921,429	300,010
Mr. Durvasula	1,221,438	921,429	300,010
Mr. Timmons	1,221,438	921,429	300,010
Mr. Jackson	716,671	540,626	176,045

LTI Payout Determinations

In February 2019, the Compensation Committee certified the performance results under outstanding performance awards granted in 2016, 2017 and 2018 that vested based upon the performance period ending December 31, 2018, as described below. Our performance awards vest over a three year period contingent upon TSR achievement relative to the MSCI US REIT Index for the applicable one, two and three-year performance period(s), or, with respect to half of the 2016 award, achievement of specified ROA goals. However, even if our TSR achievement exceeds the index performance, if absolute TSR achievement is negative, then the vesting amount is reduced by 50%. For purposes of our LTI awards, TSR is defined as (1) the trailing one month average adjusted closing stock price at the end of the performance period minus the trailing one month average adjusted closing stock price at the beginning of the performance period, divided by (2) the trailing one month average adjusted closing stock price at the beginning of the performance period.

2016 LTI Performance Awards - Final Vesting Determination

The performance awards granted in 2016 vested in February 2019. These awards consisted of restricted stock which vested over a three-year performance period ending December 31, 2018 based upon achievement of specified performance metrics. 50% of the performance awards were tied to the achievement of relative TSR goals and 50% were tied to the achievement of return on asset (ROA) goals. If cumulative TSR over the three-year performance period exceeds the MSCI US REIT index by more than 2%, up to 200% of the target award subject to TSR performance may vest. If at the end of the third year ROA meets or exceeds 19.5%, up to 200% of the target award subject to ROA performance may vest. Up to one-third of the total target award can be earned after each of the first

year and first two-years of the performance period if actual performance over such periods meets or exceeds the target performance. Actual shares that vested for each NEO as a result of 2018 performance are as follows: Mr. Wojtaszek-34,205; Mr. Duvasula-14,367; Mr. Timmons-10,945; and Mr. Jackson-4,378. Additional information about the 2016 performance awards is disclosed in the Outstanding Equity Awards at 2018 Fiscal Year End table.

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Executive Compensation

2016 Awards Performance:

Performance Measure	Target	Maximum	Actual Cumulative Performance	Payout%
TSR	³ Index	> 2.0% above Index	52.9% above Index	200.0%
ROA (2)	16.0%	19.5%	16.4%	113.4%
Earned Award as % of Target				156.7%

(1) 2018 is the third year for this performance award, in which up to 200% of the total target award may be earned. ROA payout was based on an average earned payout for each of the three years. TSR payout was based on the three-year performance period from January 1, 2016 through December 31, 2018.

(2) ROA is calculated from the Company's financial statements as set forth in Appendix A. The Compensation Committee exercised discretion and determined to adjust the ROA calculation for the 2016 Awards to exclude acquisitions, including the acquisition of Zenium, that were not contemplated when the ROA goals were established in February 2016.

2017 LTI Performance Awards

The performance awards granted in 2017 vest solely upon achievement of TSR targets compared to the MSCI US REIT Index. Up to one-third of the total target award can be earned after each of the first year and first two-years of the performance period if actual performance over such periods meets or exceeds the target performance. Actual TSR for 2017 awards for the 2018 performance period (the two-years ending December 31, 2018) was 35.5%, resulting in achievement at 200%. Payouts for the 2018 performance period were capped at 100%. Actual shares that vested for each NEO as a result of 2018 performance are as follows: Mr. Wojtaszek-18,699; Ms. Morefield-4,415; Mr. Duvasula-4,674; Mr. Timmons-4,160; and Mr. Jackson-3,324. Additional information about the 2017 performance award is disclosed in the Outstanding Equity Awards at 2018 Fiscal Year End table.

2017 Awards Performance:

Performance Measure	Target	Maximum	Actual Cumulative Performance (1)	Payout%
TSR	³ Index	> 2.0% above Index	28.6% above Index	100.0%

(1) Based on the two-year performance period of January 1, 2017 through December 31, 2018.

2018 LTI Performance Awards

The performance awards granted in 2018 vest solely upon achievement of TSR targets compared to the MSCI US REIT Index. Up to one-third of the total target award can be earned after each of the first year and first two-years of the performance period if actual performance over such periods meets or exceeds the target performance. Actual TSR

for 2018 awards for the 2018 performance period was -2.2%, which underperformed the MSCI US REIT Index, and, as a result, no shares vested. The target and maximum number of shares that may be earned by the NEOs under the 2018 performance awards over the full three year performance period are disclosed in the Grants of Plan-Based Awards Table for 2018.

2018 Awards Performance:

Performance Measure	Target	Maximum	Actual Cumulative Performance (1)	Payout%
TSR	³ Index	> 2.0% above Index	-2.0% below Index	0.0%

(1) Based on performance period of January 1, 2018 through December 31, 2018.

Other Elements of Compensation

Retirement and Other Benefits

Benefits are established based upon a determination of what is needed to aid in attracting and retaining a talented and motivated work force. The Compensation Committee does not view benefits and perquisites for our NEOs as a key component of our executive compensation program. Our NEOs participate in benefit plans on the same terms as our other participating employees and their total value remains a negligible percentage of each executive officer's total compensation package.

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Executive Compensation

We provide no perquisites or other personal benefits to our NEOs that are not available to all employees of the Company other than a cell phone allowance and, for Mr. Durvasula, a car allowance. In connection with Mr. Durvasula's promotion to President, Europe, effective December 1, 2018 he is also eligible to receive additional benefits available to employees under our long-term international assignment policy, including tax equalization benefits, education assistance, relocation, and a one-time resettlement allowance of \$20,000. See [Employment Agreements](#) below for additional information. We provide the following benefits to all employees of the Company: medical, dental, vision and disability insurance, parking at our corporate offices or public transportation credit, 401(k) employer match and group life insurance premiums. We do not maintain any defined benefit or supplemental retirement plans.

The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to our NEOs and may revise, amend or add to any such benefits and perquisites in the future if it deems advisable.

Severance Benefits

In order to achieve our compensation objective of attracting, retaining and motivating qualified executives, we believe that we need to provide the NEOs with severance protection provided in an employment agreement. Each NEO is entitled to certain severance benefits based on the nature of their termination. See [Employment Agreements](#) and [Executive Compensation Tables Potential Payments Upon Termination of Employment or Change in Control](#) below for complete details of severance benefits payable to the NEOs upon certain terminations of employment.

Other Compensation-Related Policies

Stock Ownership Guidelines. The Company's corporate governance guidelines specify that the CEO is expected to hold shares worth at least six times his or her annual base pay, and each other NEO is expected to hold at least one and a half times his or her annual base pay. As of December 31, 2018, each of our NEOs has met the minimum requirements for stock ownership.

Hedging and Pledging. The Company has a written policy prohibiting employees, including officers and directors, from owning or trading in derivative financial instruments, short-selling, or engaging in hedging transactions that enable continued ownership of the Company's securities without the full risks and rewards of ownership. Executive officers and directors, and certain other employees, are also prohibited from pledging Company securities, absent specific preapproval. No such preapprovals have been requested or provided.

Clawback. The Company has a written clawback policy allowing it to recover incentive payments and equity awards realized by our NEOs in the preceding three years in the event of a material restatement of the Company's financial statements, if the incentive payments or amount of equity awards received would have been lower if calculated based on the restated financials, and the executive engaged in actual fraud or willful unlawful misconduct that materially contributed to the need for the restatement.

Repricing Prohibition. The Company maintains prohibitions on the re-pricing of underwater stock options, and cash buyouts of underwater stock options.

Double-trigger change-in-control. Severance benefits under an executive's employment agreement are not payable and equity awards do not vest upon a change of control unless the executive is terminated without cause or experiences a constructive termination, in each case, within 12 months following the change in control.

Employment Agreements

The Company has entered into written employment agreements with each of our NEOs. Employment agreements allow the Company the flexibility to make changes in key positions with or without cause, and minimize the potential for disagreements or litigation, by establishing separation terms in advance,

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Executive Compensation

including arbitration provisions and the execution of appropriate releases, and perpetuation of important confidentiality and non-competition restrictions. The benefits specified in the employment agreements, including the severance and change in control payments, are important provisions designed to ensure the recruitment and retention of quality executive talent.

Information regarding the severance payable to our NEOs pursuant to their employment agreements and treatment of outstanding equity awards can be found in Executive Compensation Tables Potential Payments Upon Termination of Employment or Change in Control.

Effective December 1, 2018, Mr. Durvasula was promoted to Executive Vice President & President, Europe. In connection with his promotion, Mr. Durvasula's base salary was increased to \$550,000. Mr. Durvasula remains eligible to receive a target annual bonus of 100% of his base salary and equity awards under our long-term incentive program, with a target annual equity award of 300% of base salary. Mr. Durvasula is entitled to payment for his relocation to London, England. The Company has agreed to pay for his relocation costs, including moving expenses, a housing allowance and settling-in assistance (in addition to a one-time payment of \$20,000, subject to tax withholding). Mr. Durvasula is also eligible to receive a goods and services differential, a transportation allowance (or use of a leased automobile while on assignment abroad), and financial assistance with the cost of his children's school attendance. While on international assignment, Mr. Durvasula will be tax equalized, to ensure that his tax costs are approximately equivalent to the tax that would have arisen had he remained in the United States.

If Mr. Durvasula resigns or is terminated for cause within 12 months of December 1, 2018, he will be responsible for repaying the Company a percentage of relocation costs (100% if termination occurs within the first six months and 50% if termination occurs thereafter, up to 12 months). Under certain circumstances, including a change in the Chief Executive Officer position at the Company, a material adverse change in the duties and responsibilities of Mr. Durvasula's employment, or a change in control of the Company, the Company has agreed to pay for Mr. Durvasula's relocation back to the U.S. within 30 days of any of those events.

Compensation Committee Analysis of Risk

The Compensation Committee engaged FPL to perform an annual assessment for the Compensation Committee to determine whether the Company's compensation practices, plans and policies encourage unnecessary risk taking or create risks that are reasonably likely to have a material adverse effect on the Company. These assessments reviewed the material elements of executive and non-executive employee compensation. Based on these assessments, the Compensation Committee concluded these policies and practices do not encourage unnecessary risk taking or create risk that is reasonably likely to have a material adverse effect on CyrusOne.

2019 Compensation Decisions

In November 2018, the Compensation Committee approved compensation for Mr. Durvasula in conjunction with his promotion to Executive Vice President & President, Europe, effective December 1, 2018, as described above in 2018 Executive Compensation Components Employment Agreements. In February 2019, the Compensation Committee approved the 2019 target compensation for the other NEOs, along with the performance goals for the 2019 annual incentive bonus plan and 2019 LTI awards. For 2019, the Compensation Committee did not make any changes to the design of our annual or LTI plans, including emphasis on performance requirements. The 2019 base salary and annual

incentive bonus opportunity for our CEO and other NEOs remained unchanged from 2018, while the total dollar value of our CEO's target 2019 LTI award was increased by approximately 6% based primarily on market data and individual and Company performance. The Compensation Committee did not grant any special one-time retention awards.

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Compensation Committee Report

Compensation Committee Report

The Compensation Committee has the overall responsibility of evaluating the performance and determining the compensation of the Chief Executive Officer and approving the compensation structure for the Company's other named executive officers. In fulfilling its responsibilities, the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on such review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement for the 2019 Annual Meeting of Stockholders for filing with the SEC.

Compensation Committee:

T. Tod Nielsen (Chair)

Michael A. Klayko

Lynn A. Wentworth

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Executive Compensation Tables

Executive Compensation Tables

Summary Compensation Table

The following table sets forth information concerning compensation paid to or earned by the Company's NEOs for the years indicated.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock/Unit Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total(\$)
							11,949	6,871,858
Gary J. Wojtaszek President and Chief Executive Officer	2018	800,000		4,376,808		1,683,101		
	2017	800,000		4,447,111		1,769,600	9,092	7,025,803
	2016	772,000		5,270,972	624,997	1,979,757	11,675	8,659,401
Diane M. Morefield(5) Executive Vice President and Chief Financial Officer	2018	463,462		1,221,438		610,147	13,888	2,308,935
	2017	425,000		1,049,975		537,200	11,152	2,023,327
	2016	40,865		1,099,992		58,818	150,300	1,349,975
Venkatesh S. Durvasula(6) Executive Vice President and President, Europe	2018	472,116		1,221,438		527,117	18,229	2,238,900
	2017	450,000		1,111,645		568,800	13,840	2,144,285
	2016	436,231	300,000	3,353,153	262,502	647,685	14,116	5,013,687
Kevin L. Timmons	2018	419,231		1,221,438		468,071	13,019	2,121,759
	2017	400,000		989,446		505,600	9,455	1,904,501

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Executive Vice President and Chief Technology Officer	2016	393,923		2,349,173	199,998	575,720	8,106	3,526,920
Robert M. Jackson Executive Vice President, General Counsel and Secretary	2018	344,616		716,671		453,686	14,088	1,529,061
	2017	320,000		790,514		404,480	11,832	1,526,826
	2016	320,000	138,880	257,100	80,001	322,403	14,178	1,132,562

(1) Reflects the aggregate grant date fair value of stock/unit awards, determined in accordance with FASB ASC 718. The assumptions used in the calculation of the grant date fair values of these awards are set forth in Note 19 to the financial statements in our Annual Report on Form 10-K filed with the SEC on February 22, 2019.

The amount shown consists of time-based and performance-based restricted stock/unit awards at target in the following amounts:

	Grant Date Fair Value Performance-Based Restricted Stock/Units			Grant Date Fair Value Time-Based Restricted Stock/Units		
	(\$)			(\$)		
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
	2018	2017	2016	2018	2017	2016
Mr. Wojtaszek	3,301,761	3,547,128	1,531,837	1,075,047	899,983	3,739,134
Ms. Morefield	921,429	837,481		300,010	212,494	1,099,992
Mr. Durvasula	921,429	886,685	643,376	300,010	224,960	2,709,776
Mr. Timmons	921,429	789,225	490,130	300,010	200,221	1,859,043
Mr. Jackson	540,626	630,530	196,066	176,045	159,984	61,034

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Executive Compensation Tables

Assuming performance at maximum levels, the performance-based restricted stock/unit awards valued at the closing stock price on grant date are shown below:

	Value of Performance-Based Restricted Stock/Unit Assuming Maximum Performance (\$)		
	Fiscal		Fiscal
	2018	2017	2016
Mr. Wojtaszek	6,450,077	5,399,993	2,810,648
Ms. Morefield	1,800,057	1,274,964	
Mr. Durvasula	1,800,057	1,349,950	1,180,499
Mr. Timmons	1,800,057	1,201,421	899,375
Mr. Jackson	1,056,062	959,905	359,765

(2) Reflects the aggregate grant date fair value of stock options granted to the NEOs in 2016, computed in accordance with FASB ASC 718. No option awards were granted in 2017 or 2018. The assumptions used in the calculation of the grant date fair values of the awards are set forth in Note 19 to the financial statements in our Annual Report on Form 10-K filed with the SEC on February 22, 2019.

(3) Reflects annual incentive plan awards earned for the year indicated. For a detailed discussion regarding our annual incentive plan, see Executive Compensation 2018 Executive Compensation Components Annual Incentive Bonus Opportunity.

(4) The components of the All Other Compensation column for 2018 include the following:

	401(k) Match	Insurance	Perquisites	Total
	(\$)	\$(a)	\$(b)	
Mr. Wojtaszek	8,410	1,739	1,800	11,949
Ms. Morefield	10,622	1,466	1,800	13,888
Mr. Durvasula	6,567	1,529	10,133	18,229
Mr. Timmons	9,795	1,424	1,800	13,019
Mr. Jackson	10,925	1,363	1,800	14,088

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- (a) Reflects employer-paid life, long-term disability, short-term disability, and accidental death and dismemberment insurance.
- (b) Consists of a cell phone allowance in the amount of \$1,800 per year for each NEO, and a car-allowance of \$8,333 for Mr. Durvasula.

(5) Ms. Morefield joined the Company in November 2016.

(6) Effective December 1, 2018, Mr. Durvasula was promoted to Executive Vice President and President, Europe and his base salary was increased to \$550,000. Mr. Durvasula previously served as our Executive Vice President and Chief Commercial Officer.

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Executive Compensation Tables

Grants of Plan-Based Awards

The following table presents information concerning plan-based awards granted to each of the NEOs during 2018.

2018 Grants of Plan-Based Awards Table

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock/Unit Awards: Number of Shares of	Grant Date Fair Value of Stock/Unit Awards (\$)(3)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Stock/Units (#)	
Mr. Wojtaszek	2/26/2018	350,000	1,400,000	2,800,000	31,427	62,854	125,708	20,952	4,376,808
Ms. Morefield	2/26/2018	118,750	475,000	950,000	8,771	17,541	35,082	5,847	1,221,438
Mr. Durvasula	2/26/2018	118,750	475,000	950,000	8,771	17,541	35,082	5,847	1,221,438
Mr. Timmons	2/26/2018	106,250	425,000	850,000	8,771	17,541	35,082	5,847	1,221,438
Mr. Jackson	2/26/2018	88,000	352,000	704,000	5,146	10,291	20,582	3,431	716,671

(1) Reflects each NEO's threshold, target and maximum incentive opportunity under the Short Term Incentive Plan for 2018. Actual payouts are calculated using actual salary earned for 2018, as opposed to annualized base salary rate.

(2) Reflects performance-based restricted stock unit awards granted in 2018.

(3) Reflects the grant date fair value of time-based restricted stock units and performance-based restricted stock units at target (the most probable outcome as of the grant date), computed in accordance with FASB ASC 718 without regard to estimated forfeitures. The assumptions used in the calculation of the grant date fair values of the awards are set forth in Note 19 to the financial statements in our Annual Report on Form 10-K filed with the SEC on February 22, 2019.

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Executive Compensation Tables

Outstanding Equity Awards at Fiscal Year End

The following table presents information concerning outstanding equity awards held by the NEOs as of December 31, 2018.

Outstanding Equity Awards at 2018 Fiscal Year End

Grant Date	Underlying Securities Unexercised Options (#)	Underlying Securities Exercisable Options (#)	Equity Incentive Plan Awards: Number of Securities of Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Stock/Unit Awards		
							Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(1)
2) 4/17/2013	27,550			23.58	4/17/2023				
3) 2/10/2015	67,038			28.42	2/10/2025				
5) 2/1/2016	59,609	29,804		36.99	2/1/2026				
d 2/1/2016						92,492	4,890,977	12,664	669,672
d 2/13/2017						12,466	659,202	37,398	1,977,606
d 2/26/2018						20,952	1,107,942	62,854	3,323,720

d	11/14/2016				9,056	478,881		
d	2/13/2017				2,943	155,626	8,830	466,930
d	2/26/2018				5,847	309,189	17,541	927,568
2)	4/17/2013	13,775		23.58	4/17/2023			
3)	2/10/2015	43,317		28.42	2/10/2025			
5)	2/1/2016	25,036	12,518	36.99	2/1/2026			
d	2/1/2016				69,648	3,682,986	5,319	281,269
d	2/13/2017				3,116	164,774	9,349	494,375
d	2/26/2018				5,847	309,189	17,541	927,568
2)	4/17/2013	10,455		23.58	4/17/2023			
3)	2/10/2015	33,003		28.42	2/10/2025			
5)	2/1/2016	19,075	9,537	36.99	2/1/2026			
d	2/1/2016				47,508	2,512,223	4,053	214,323
d	2/13/2017				2,773	146,636	8,320	439,962
d	2/26/2018			18,508(6)	42.81	12/3/2022		
d				13,367(6)	28.94	12/8/2021		
				(6)	5,365(6)	26.63	2/1/2020	
					16.52	12/10/2019		
					34.97	6/5/2017		

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				28.27	9/14/2015		
				17.62	10/7/2014		
12/3/2012		13,881(6)	42.81	12/3/2022		11,105	485,177
12/8/2011	3,836	7,673(6)	28.94	12/8/2021		9,207	402,254
12/1/2010	6,340	3,170(6)	26.63	12/1/2020		7,608	332,394
12/10/2009	15,125		16.52	12/10/2019		12,100	528,649
9/16/2008	36,700		19.76	9/16/2018			
2/1/2008	61,000		16.17	2/1/2018			
6/5/2007	12,019		34.97	6/5/2017			
8/9/2006	100,000		34.74	8/9/2016			
12/3/2012		13,881(6)	42.81	12/3/2022		11,105	485,177
12/8/2011	6,683	13,367	28.94	12/8/2021		16,040	700,788
12/1/2010	6,340	3,170	26.63	12/1/2020		7,608	332,394
12/10/2009	9,725		16.52	12/10/2019		7,780	339,908
6/5/2007	12,019		34.97	6/5/2017			
9/14/2005	15,000		28.27	9/14/2015			
8/9/2005	60,000		25.38	8/9/2015			
8/9/2005		40,000(8)	25.38	8/9/2015			

(1) Column (d) to this table under "Option Awards" entitled "Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options" has been omitted because no shares are reportable thereunder.

(2) Unless otherwise noted all stock options and stock awards vest 25% per year beginning with the first anniversary of the date of grant.

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- (3) In accordance with SEC rules, the market value of stock reported in column (h) of this table was calculated by multiplying the number of shares set forth in column (g) by the closing price of our common stock at December 31, 2012 which was \$43.69.
- (4) This column reflects the payout of the underlying shares of our common stock related to performance shares granted in 2009, 2010, 2011 and 2012 pursuant to the 2005 Incentive Plan based on the achievement of target performance for each metric. Performance shares granted on December 10, 2009 have a performance period from January 1, 2010 through December 31, 2012, performance shares granted on December 1, 2010 have a performance period from January 1, 2011 through December 31, 2013, performance shares granted on December 8, 2011 have a performance period from January 1, 2012 through December 31, 2014 and performance shares granted on December 3, 2012 have a performance period from January 1, 2013 through December 31, 2015.
- (5) The market value of the performance shares that have not vested was calculated by multiplying the number of performance shares set forth in column (i) by the closing price of our common stock at December 31, 2012 which was \$43.69.
- (6) These stock options vest in equal installments over a three-year period beginning with the first anniversary of the date of grant.
- (7) These stock options will vest, if at all, upon the attainment by the Company, at any time between March 9, 2007 and March 9, 2015, of a market price per share for our common stock of at least \$50 per share for 60 consecutive trading days.
- (8) These stock options will vest, if at all, upon the attainment by the Company, at any time between March 9, 2007 and August 9, 2015, of a market price per share of our common stock of at least \$50 per share for 60 consecutive trading days.

Option Exercises and Stock Vested

The following table sets forth option exercises and stock vested for each of our Named Executive Officers for the year ended December 31, 2012.

Name (a)	Option Exercises and Stock Vested			
	Option Awards		Stock Awards	
	Number of Shares		Number of Shares	
	Acquired on Exercise	Value Realized on Exercise	Acquired on Vesting	Value Realized on Vesting(1)
(#) (b)	(\$) (c)	(#) (d)	(\$) (e)	
Philip G. Heasley	65,000	1,498,276	0	0
Scott W. Behrens	0	0	4,625	187,952
Dennis P. Byrnes	70,000	2,265,510	12,212	451,563
Craig A. Maki	0	0	0	0
David N. Morem	0	0	12,212	451,563

- (1) In accordance with SEC rules, the amounts in column (c) were calculated by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options, and the amounts in column (e) were calculated by multiplying the number of shares of restricted stock that vested by the market value of the underlying shares on the vesting date.

Deferred Compensation Plan

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In September 2010, the Compensation Committee approved the Amended and Restated Deferred Compensation Plan (the "Deferred Compensation Plan"). A copy of our Deferred Compensation Plan was attached as Exhibit 4.3 to our Registration Statement on Form S-8 filed with the SEC on September 9, 2010.

The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan designed to allow a select group of management or highly compensated employees designated by our Compensation Committee, including our Named Executive Officers, to save for retirement on a tax-deferred basis. The Deferred

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Compensation Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended. The effective date for the Deferred Compensation Plan was October 1, 2010. The initial plan year commenced October 1, 2010 and ended on December 31, 2010. Each plan year thereafter runs from January 1 to December 31.

Amounts deferred under the Deferred Compensation Plan will be credited to bookkeeping accounts maintained by the Company for each participant and will be credited or debited with the participant's proportionate share of any gains or losses attributable to the earnings indices selected by the participant. The Compensation Committee will designate the earnings indices available to participants; provided, however, under no circumstances shall the value of our common stock be used as an earnings index. The Committee selected the following four earnings indices: S&P 500, the Russell 2000, the Barclays Bond Index and a fixed rate of return equivalent to the prime rate. The earnings indices are to be used for measurement purposes only and amounts deferred under the Deferred Compensation Plan will not represent any actual investment made on the participant's behalf by the Company. The amount that the Company is required to pay under the Deferred Compensation Plan is equal to the elective deferrals made by the participant, as adjusted for the hypothetical gains or losses based on the earnings indices selected by the participant. The Company may make discretionary contributions to participant accounts in such amounts and at such times as are determined by the Company from time to time in its sole discretion.

Amounts deferred by a participant are fully vested at all times. The Compensation Committee may impose a vesting schedule of up to five years with respect to discretionary contributions, if any, made by the Company to a participant account.

The amounts payable to participants under the Deferred Compensation Plan will be payable in accordance with the distribution provisions of the Deferred Compensation Plan. Distribution generally cannot be made prior to the distribution dates specified by the participants, other than withdrawals made in the event of a participant's (i) unforeseeable emergency, as defined in the Deferred Compensation Plan, (ii) separation from service, (iii) death or (iv) disability. Distributions will be made to participants in a single lump-sum payment after the earliest of (a) the participant's separation from service, (b) the participant's death or (c) the participant's disability (Standard Distribution). In lieu of the Standard Distribution timing, a participant may elect, at the time of deferral, to receive distribution in a given plan year (a) at a specified date or time (or upon attainment of a specific age), or (b) upon the earlier of such date (or age) or one or more of the Standard Distribution events. A participant may also elect, at the time of deferral, to receive distributions in annual installments for a period of up to 10 years. Deferred amounts retained in a participant's account during the payout period continue to earn hypothetical gains and are subject to hypothetical losses based on the earnings indices selected by the participant.

Amounts deferred under the Deferred Compensation Plan are general unsecured obligations of the Company and are subject to the claims of the Company's general creditors and rank equally with other unsecured indebtedness of the Company from time to time outstanding.

The Deferred Compensation Plan is administered by the Compensation Committee and the Compensation Committee has full power to interpret the plan and determine all questions that arise under it. The Compensation Committee reserves the right to amend or terminate the Deferred Compensation Plan at any time; provided, however, that no such action shall affect a participant's right to receive the full amount of his or her vested account balance.

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During 2012, none of our Named Executive Officers made any contributions to the Deferred Compensation Plan and the Company did not make any discretionary contributions to any Named Executive Officer's account.

2012 Nonqualified Deferred Compensation Table

Name	Executive contributions in	Registrant contributions in	Aggregate earnings in	Aggregate withdrawals/distributions (\$)	Aggregate balance at
	2012 (\$)	2012 (\$)	2012 (\$)		last FYE (\$)
	(b)	(c)	(d)(1)	(e)	(f)
Philip G. Heasley					
Scott W. Behrens					
Dennis P. Byrnes			2,950		92,387
Craig A. Maki					
David N. Morem					

(1) These amounts are not included in the Summary Compensation table because the Nonqualified Deferred Compensation plan earnings were not preferential or above market.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

Except for the employment agreement with Mr. Heasley described above, and the change-in-control agreements described below, none of our Named Executive Officers have employment or severance agreements with the Company and their employment may be terminated at any time.

Change-In-Control Employment Agreements

We have entered into a Change-In-Control Employment Agreement (the "CIC Agreement") with each of our Named Executive Officers (each an "Executive" for purposes of this section). A copy of the form of CIC Agreement for all Executives was attached as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 7, 2009.

Under the CIC Agreement, we are required to employ the Executive for a two-year period following a change-in-control (the "Employment Period"). During the Employment Period, we must (1) pay the Executive a base salary equal to the highest annual rate of base salary paid or payable to the Executive during the 12-month period prior to the change-in-control, (2) award the Executive for each fiscal period during the Employment Period total annual and quarterly bonus opportunities in amounts greater than or equal to the Executive's target annual and quarterly bonus opportunities for the year in which the change-in-control occurs, and (3) allow the Executive opportunities to participate in the Company's incentive, savings and retirement plans to an extent no less favorable than opportunities provided for by the Company in the 120-day period prior to the beginning of the Employment Period.

The CIC Agreement also sets forth our obligations in the event the Executive's employment terminates during the Employment Period. The following is a summary of such obligations.

Termination of Employment Other Than for Cause or by Executive for Good Reason. If we terminate the Executive's employment other than for cause or the Executive's death or disability, or the Executive terminates his employment for good reason, the Executive will be entitled to receive from the Company certain payments and benefits. These payments and benefits include (1) the lump sum payment of (a) the Executive's unpaid current year annual base salary through the date of termination, the current year target annual bonus pro-rated through the date of termination, and any accrued and unpaid vacation pay (collectively, the "Accrued Obligations"), and (b) two or, in the case of Mr. Heasley only, three times, the sum of the Executive's annual base salary and target annual bonus; (2) continued participation at the Company's cost in the welfare benefits plans in which the Executive would have been entitled to participate, for two or, in the case of Mr. Heasley only, three years, from the date of termination or until the Executive receives equivalent benefits from a subsequent employer, in which case, welfare benefits plans provided by the Company will be secondary to the subsequent employer's plans during the applicable period of eligibility; (3) outplacement services not to exceed \$50,000; and

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(4) any unpaid amounts that are vested benefits or that the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any other contract or agreement with, the Company or the affiliated companies at or subsequent to the date of termination (the Other Benefits).

Death. If the Executive's employment is terminated by reason of the Executive's death, we must provide the Executive's estate or beneficiaries with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and will have no other severance obligations under the CIC Agreement.

Disability. If the Executive's employment is terminated by reason of the Executive's disability, we must provide the Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under the CIC Agreement.

Termination of Employment for Cause or by Executive other than for Good Reason. If the Executive's employment is terminated for cause, we must provide the Executive with the Executive's annual base salary through the date of termination, and the timely payment or delivery of the Other Benefits, and will have no other severance obligations under the CIC Agreement. If the Executive voluntarily terminates employment, excluding a termination for good reason, we must provide to the Executive the Accrued Obligations and the timely payment or delivery of the Other Benefits, and will have no other severance obligations under the CIC Agreement.

Tax-Gross-Up. If any payment under the CIC Agreement would be subject to excise tax, the Executive will be entitled to receive an additional payment (the Gross-Up Payment) in an amount such that, after payment by the Executive of all taxes, including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and excise tax imposed upon the Gross-Up Payment, but excluding any income taxes and penalties imposed pursuant to Section 409A of the Code, the Executive retains an amount of the Gross-Up Payment equal to the excise tax imposed upon the payments. There is, however, a provision of the CIC Agreements under which a portion of the Executive's payments under the CIC Agreement will be forfeited if the excise tax can be eliminated (provided the forfeiture cannot exceed 10% of the amount due to the Executive).

Acceleration of Equity Awards. In the event of a change-in-control, all stock-based awards held by the Executive will vest in full, in each case immediately prior to the occurrence of such change-in-control, and any applicable performance-based vesting goals with respect to such stock-based awards granted to the Executive shall be deemed satisfied at the target level; *provided, however*, that (a) any performance shares awarded under the Company's 2005 Incentive Plan and (b) any stock options which vest upon the attainment of a certain per-share transaction price in connection with a change-in-control granted under the Company's 2005 Incentive Plan, will, in each case, vest pursuant to the terms of the applicable award agreement, notwithstanding the provision of any award agreement requiring that market conditions exist for a specified duration of time.

Non-solicitation and Non-competition Provisions. During the Employment Period and for a period of one year following termination of employment, each Executive agrees not to (a) enter into or engage in any business that competes with the Company's business within a specified restricted territory; (b) solicit customers with whom the Executive had any contact or for which the Executive had any responsibility (either direct or supervisory) at the date of termination or at any time during the one (1) year prior to such date of termination, whether within or outside of the restricted territory, or solicit business, patronage or orders for, or sell, any products and services in competition with, or for any business that competes with the Company's business within the restricted territory; (c) divert, entice or otherwise take away any customers, business, patronage or orders of the Company within the restricted territory, or attempt to do so; (d) promote or assist, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business that competes with the Company's business within the restricted territory; or (e) solicit or induce or attempt to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Company and/or its affiliated companies to terminate their employment, representation or other association with the Company and/or its affiliated companies, provided that the foregoing shall not apply to general advertising not specifically targeted at employees, sales representatives, agents or consultants of the Company and/or its affiliated companies.

Release. As a condition to receiving any of the severance benefits under the CIC Agreements, the Named Executive Officers are required to release the Company and its employees from all claims that the Named Executive Officer may have against them.

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Post-Termination Benefits Under Incentive Plans

Executive MIC Plan

Under the Executive MIC Plan, in order to be entitled to a payment under the plan, the executive, including our Named Executive Officers, must be employed by the Company on the date of payment. If employment with the Company is terminated for any reason prior to the payment date, the executive will not be eligible for a bonus under the Executive MIC Plan and the executive forfeits all rights to such payment except to the extent otherwise provided by the Company.

The individual award agreements with each executive officer, including our Named Executive Officers, related to the Executive MIC Plan, grant the Company the right to require an executive officer to forfeit his or her right to payment or to reimburse the Company for any payments previously paid, along with any other action the Company deems necessary or appropriate, in the event it is determined that the executive officer engaged in misconduct in the course of his or her employment.

2005 Incentive Plan

Stock Options. The award agreements for stock options granted under the 2005 Incentive Plan generally provide that if an optionee, including a Named Executive Officer, voluntarily terminates employment with the Company, all unvested stock options will terminate and the optionee will have 90 days from the date of termination to exercise any vested stock options granted under the 2005 Incentive Plan. However, the award agreements also generally provide that if the optionee's employment terminates due to death or disability, all stock options will immediately vest upon the optionee's death or disability and the optionee (or his or her estate or personal representative) will have one year from the date of death or disability to exercise the stock options. Award agreements to executive officers, including our Named Executive Officers, also generally provide that all stock options will immediately vest upon the occurrence of a change-in-control of the Company. A copy of the form of Nonqualified Stock Option Agreement used to grant stock options to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.18 to our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on February 26, 2009.

Performance Shares. The award agreements for performance shares granted under the 2005 Incentive Plan generally provide that if an employee, including a Named Executive Officer, voluntarily terminates employment with the Company prior to payment of the performance shares, all performance shares are forfeited. In the event of death, disability or termination of employment without cause, the award agreements generally provide that the Company must pay the employee a pro-rata portion of the performance shares he would have been entitled based on the performance of the Company during the full fiscal quarters completed during the applicable performance period until the date of termination. Such amounts will be paid made as soon as practicable after the receipt of audited financial statements of the Company relating to the last fiscal year of the performance period. The award agreements for performance shares also provide that in the event of a change-in-control of the Company, the Company will pay the employee, within 60 days of the change-in control, a pro-rata portion of the performance shares the employee would have been entitled to based on the performance of the Company at the target level for the full fiscal quarters completed during the applicable performance period prior to the date of the change-in-control. A copy of the form of LTIP Performance Shares Agreement used to grant performance shares to employees, including our Named Executive Officers, under the 2005 Incentive Plan was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 16, 2009.

Restricted Shares. The award agreements for restricted shares granted under the 2005 Incentive Plan generally provide that if any employee, including a Named Executive Officer, voluntarily terminates employment with the Company, the employee forfeits all unvested restricted shares. However, the award agreements also generally provide that if the employee's employment terminates due to death or disability, all shares of restricted stock will immediately vest upon the employee's death or disability. Award agreements to executive officers, including our Named Executive Officers, also generally provide that all shares of restricted stock will immediately vest upon the occurrence of a change-in-control of the Company. A copy of the form of Restricted Share Award Agreement used to grant restricted shares to employees, including our Named Executive

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Officers, under the 2005 Incentive Plan was filed as Exhibit 10.29 to our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on February 26, 2009.

Forfeiture and Recoupment Provisions. Commencing in 2009, our form of award agreements for all awards granted to employees pursuant to the 2005 Incentive Plan, including Named Executive Officers, provide that if the Company is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of the employee, or it is determined that the employee has otherwise engaged in misconduct (whether or not such misconduct is discovered prior to the termination of the employee's employment), the Company has (a) the right to cause the forfeiture or cancellation of any unvested and/or vested portion of the option, any unvested restricted shares or any unearned performance shares, (b) cause the transfer of ownership back to the Company of any vested shares not subject to transfer restrictions, common shares issued as payment for earned performance shares or cash received as payment for earned performance shares, and (c) the right to recoup any proceeds from (i) the exercise or vesting of the option, (ii) the vesting of the restricted shares, (iii) the sale of shares of our common stock issued pursuant to the exercise of the option or as payment for earned performance shares, and (iv) the sale of any unrestricted shares, along with any other action the Company determines is necessary or appropriate and in the best interest of the Company and its stockholders.

Other Stock Option Plans

The Company has two other stock option plans pursuant to which our Named Executive Officers held outstanding stock options at the end of 2012: (a) the 1996 Stock Option Plan, as amended (the 1996 Option Plan), and (b) the 1999 Stock Option Plan, as amended (the 1999 Option Plan). The 1996 Option Plan was terminated in connection with the adoption of the 2005 Incentive Plan in March 2005 and the 1999 Option Plan expired on February 23, 2009. Termination or expiration of these plans does not affect the outstanding awards issued under the plans.

The award agreements for stock options granted under these option plans generally provide that if an optionee, including a Named Executive Officer, voluntarily terminates employment with the Company, all unvested stock options will terminate and the optionee will have one month from the date of termination to exercise any vested stock options. However, the award agreements also generally provide that if the optionee's employment terminates due to death or disability, all stock options will immediately vest upon the optionee's death or disability and the optionee (or his or her estate or personal representative) will have one year from the date of death or disability to exercise the stock options. The award agreements granting stock options to executive officers, including our Named Executive Officers, under each of these plans also generally provide that all stock options will immediately vest upon the occurrence of a change-in-control of the Company.

Potential Post-Termination Benefits Table

The table below quantifies certain compensation that would have become payable to our Named Executive Officers in the event such executive officer's employment had terminated on December 31, 2012 under various circumstances. The estimates set forth in the table below are based on our Named Executive Officers' compensation and service levels as of such date and, if applicable, the closing stock price of our common stock on that date which was \$43.69. These benefits are in addition to benefits generally available to salaried employees such as distributions under our 401(k) Plan, disability benefits and accrued vacation pay

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Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed to our Named Executive Officers may be different. Factors that could affect these amounts include the timing of any such event, our stock price and the executive's age.

Compensation Program	Voluntary			Involuntary			Involuntary or for	Good Reason after Change-in-Control (\$)
	For Good Reason (\$)	Other than Good Reason (\$)	For Cause (\$)	Without Cause (\$)	Death (\$)	Disability (\$)		
Cash Severance:								
Heasley	2,877,088	0	0	2,877,088	0	0	0	3,600,000
Behrens	0	0	0	0	0	0	0	1,039,990
Byrnes	0	0	0	0	0	0	0	990,000
Maki	0	0	0	0	0	0	0	990,000
Morem	0	0	0	0	0	0	0	936,000
Bonus Payment:								
Heasley	0	0	0	0	0	0	0	600,000
Behrens	0	0	0	0	0	0	0	222,855
Byrnes	0	0	0	0	0	0	0	220,000
Maki	0	0	0	0	0	0	0	220,000
Morem	0	0	0	0	0	0	0	208,000
Stock Options:								
Heasley	0	0	0	0	826,676	826,676	0	826,676
Behrens	0	0	0	0	304,977	304,977	0	304,977
Byrnes	0	0	0	0	304,977	304,977	0	304,977
Maki	0	0	0	0	179,472	179,472	0	179,472
Morem	0	0	0	0	263,459	263,459	0	263,459
Restricted Shares:								
Heasley	0	0	0	0	0	0	0	0
Behrens	0	0	0	0	0	0	0	0
Byrnes	0	0	0	0	0	0	0	0
Maki	0	0	0	0	0	0	0	0
Morem	0	0	0	0	0	0	0	0
Performance Shares (1) (2):								
Heasley	0	0	0	0	0	0	0	3,246,284
Behrens	0	0	0	0	0	0	0	1,665,929
Byrnes	0	0	0	0	0	0	0	1,665,929
Maki	0	0	0	0	0	0	0	1,412,978
Morem	0	0	0	0	0	0	0	1,135,008
Health & Welfare Benefit								
Continuation:								
Heasley	17,595	0	0	17,595	0	0	0	29,020
Behrens	0	0	0	0	0	0	0	30,129
Byrnes	0	0	0	0	0	0	0	30,136
Maki	0	0	0	0	0	0	0	30,018
Morem	0	0	0	0	0	0	0	30,129
Outplacement Services:								
Heasley	0	0	0	0	0	0	0	50,000
Behrens	0	0	0	0	0	0	0	50,000
Byrnes	0	0	0	0	0	0	0	50,000
Maki	0	0	0	0	0	0	0	50,000
Morem	0	0	0	0	0	0	0	50,000

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Compensation Program	Voluntary			Involuntary			Involuntary or for		
	For	Good Reason	Other than Good Reason	For Cause	Without Cause	Death	Disability	Retirement	Good Reason after Change-in-Control
<u>Excise Tax Gross-Up / (Forfeiture)</u>	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Related to a CIC:									
Heasley	0	0	0	0	0	0	0	0	2,158,614
Behrens	0	0	0	0	0	0	0	0	768,178
Byrnes(3)	0	0	0	0	0	0	0	0	651,457
Maki	0	0	0	0	0	0	0	0	539,693
Morem	0	0	0	0	0	0	0	0	517,200
TOTALS:									
Heasley	2,894,683	0	0	2,894,683	826,676	826,676	0	0	10,510,593
Behrens	0	0	0	0	304,977	304,977	0	0	4,082,058
Byrnes	0	0	0	0	304,977	304,977	0	0	3,912,498
Maki	0	0	0	0	179,472	179,472	0	0	3,422,161
Morem	0	0	0	0	263,459	263,459	0	0	3,139,796

- (1) The estimated pro rata portion of performance shares set forth in this table and in the footnote below, relate solely to the performance shares granted December 10, 2009, December 1, 2010 and December 8, 2011. The performance period for the performance shares granted December 3, 2012 does not commence until January 1, 2013 and therefore, termination of employment for any reason or upon a change-in-control event on December 31, 2012 would not have triggered any payment of performance shares for this grant.
- (2) Pursuant to the terms of the LTIP Performance Shares Award Agreement, if the employment of a grantee, including our Named Executive Officers, terminates without cause or due to death, disability or retirement approved by the Company, the grantee is entitled to receive a pro rata portion of the performance shares based on the performance of the Company during the performance period against the performance goals. The payout of the pro rata portion of performance shares each grantee, including our Named Executive Officer, is entitled to receive in the event of termination without cause or due to death, disability or retirement, will be paid out at the end of the performance period based on the audited financial statements of the Company relating to the last year of the performance period. Using the performance of the Company as of December 31, 2012 as a base and then annualizing such performance through the remaining performance period, the Company would expect the 2009 granted performance shares to vest at 200%, the 2010 granted performance shares to vest at 175% and the 2011 granted performance shares to vest at 100%. However, based on management's evaluation of the probability that the performance goals will be achieved used to determine the compensation expense to be recorded for the performance shares, the following table provides an estimate of the pro rata portion of the performance shares that would be paid to our Named Executive Officers upon completion of the performance period based on termination without cause or due to death, disability or retirement approved by the Company. The amounts shown do not correspond to the actual amount of performance shares, if any, or the actual value that will be realized by the Named Executive Officer.

Named Executive Officer	Estimated Pro Rata Number of	Estimated Pro Rata
	Performance Shares Earned	Performance Share Value
	(#)	(\$)
Philip G. Heasley	128,429	5,611,048
Scott W. Behrens	44,569	1,947,205
Dennis P. Byrnes	44,569	1,947,205
Craig A. Maki	36,145	1,579,175
David N. Morem	29,783	1,301,205

- (3) Represents the estimated reduction to the payment set forth in this column required in order to avoid triggering excise taxes under Section 280G of the Internal Revenue Code assuming no amounts are treated as reasonable compensation due to non-compete restrictions.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval of Related Person Transactions

We recognize that related person transactions can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations which may not be in our best interests or the best interests of our stockholders. Accordingly, as a general matter, we prefer to avoid related person transactions. Nevertheless, we recognize that there are situations where related person transactions may be in, or may not be inconsistent with, our best interests. Pursuant to the Audit Committee Charter, any proposed related person transaction is to be submitted to the Audit Committee for review and approval, and no such transaction may be entered into without the Audit Committee's prior approval. The Audit Committee reviews and considers each transaction in light of the specific facts and circumstances presented. Related persons include our directors or executive officers and their respective immediate family members and 5% beneficial owners of our common stock.

In addition, our Code of Business Conduct and Ethics establishes a policy on potential conflicts of interest. Under the Code of Business Conduct and Ethics our directors and employees, including our executive officers, must promptly report any transaction, relationship or circumstance that creates or may create a conflict of interest. Any conflict of interest for our non-director and non-executive officer employees is prohibited unless a waiver is obtained from our General Counsel. Conflicts of interest involving our directors and executive officers are prohibited unless waived by our Board or a committee of our Board. Any waiver of a conflict of interest involving one of our directors or executive officers will be promptly disclosed in accordance with applicable law and NASDAQ listing requirements. Pursuant to its charter, the Corporate Governance Committee is responsible for reviewing and considering possible conflicts of interest which involve members of our Board or management.

We also have a Code of Ethics for the CEO and Senior Financial Officers which requires that our CEO, CFO, Chief Accounting Officer, Controller and persons performing similar functions avoid actual and apparent conflicts of interest in personal and professional relationships and that they disclose to the Chairman of the Audit Committee any material transaction or relationship that reasonably could be expected to give rise to a conflict.

We did not enter into any related party transactions during 2012 and there are not any currently proposed related party transactions.

COMPENSATION COMMITTEE

INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation and Leadership Development Committee was at any time during 2012, or at any other time, an officer or employee of the Company. No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or its Compensation and Leadership Development Committee.

ANNUAL REPORT

Stockholders may obtain a copy of our Annual Report and a list of the exhibits thereto without charge by written request delivered to the Company, Attn: Investor Relations, 3520 Kraft Rd, Suite 300, Naples, Florida 34105. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at www.aciworldwide.com as soon as reasonably practicable after we file such information electronically with the SEC.

STOCKHOLDER PROPOSALS

Stockholder Proposals to Be Considered for Inclusion in the Company's 2014 Proxy Statement

Proposals of stockholders intended to be included in the proxy statement and form of proxy relating to our 2014 Annual Meeting of Stockholders must be received at the Secretary of the Company at the Company's

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principal executive offices located at 3520 Kraft Rd, Suite 300, Naples, Florida 34105, no later than December 30, 2013. In addition, all proposals will need to comply with Rule 14a-8 of the Securities Exchange Act of 1934, which lists the requirements for inclusion of stockholder proposals in company-sponsored proxy materials. The Corporate Governance Committee will review proposals submitted by stockholders for inclusion at our next annual meeting of stockholders and will make recommendations to our Board on an appropriate response to such proposals.

Requirements for Stockholder Proposals to Be Brought Before the 2014 Annual Meeting of Stockholders

Pursuant to Rule 14a-4(c) under the Exchange Act, if the Company does not receive advance notice of a stockholder proposal to be brought before its next annual meeting of stockholders in accordance with the requirements of its Bylaws, the proxies solicited by the Company may confer discretionary voting authority to vote proxies on the stockholder proposal without any discussion of the matter in the proxy statement. Our Bylaws provide that written notice of a stockholder proposal that a stockholder intends to present at the next annual meeting, but does not intend to have included in the proxy statement and form of proxy related to such meeting, must be delivered to, or mailed and received by, the Secretary of the Company at the principal executive offices of the Company not less than 90 calendar days nor greater than 120 calendar days prior to the first anniversary of the date of the immediately preceding year's annual meeting of stockholders.

As to each matter the stockholder proposes to bring before the 2014 Annual Meeting of Stockholders, the stockholder's notice must set forth: (i) a brief description of the business desired to be brought before the 2014 Annual Meeting of Stockholders and the reasons for conducting such business at such annual meeting, (ii) the name and address, as they appear on the Company's books, of the stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (iii) the class and number of shares of the Company which are owned beneficially and of record by the stockholder and the beneficial owner, if any, on whose behalf the proposal is made, (iv) a description of all arrangements or understandings among such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (v) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote required to approve the proposal, and (vi) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the annual meeting. Our Bylaws also provide that the chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the annual meeting and, if he should so determine, such business shall not be transacted.

OTHER MATTERS

Our Board does not know of any matters that are to be presented at the Annual Meeting other than those stated in the Notice of Annual Meeting and referred to in this Proxy Statement. If any other matters should properly come before the Annual Meeting, it is intended that the proxies in the accompanying form will be voted as the persons named therein may determine in their discretion.

By Order of the Board of Directors,

Dennis P. Byrnes

Secretary

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Annex A

ACI WORLDWIDE, INC.

2013 EXECUTIVE MANAGEMENT INCENTIVE COMPENSATION PLAN

ARTICLE 1 ESTABLISHMENT, PURPOSE, AND DURATION

1.1 **Establishment.** ACI Worldwide, Inc., a Delaware corporation (the **Company**), hereby establishes an incentive compensation plan to be known as the ACI Worldwide, Inc. 2013 Executive Management Incentive Compensation Plan (the **Plan**), as set forth in this document. This Plan shall become effective March 19, 2013 (the **Effective Date**), subject to stockholder approval, and shall remain in effect as provided in Section 1.3 hereof.

1.2 **Purpose of this Plan.** The Plan is a component of the Company's overall strategy to pay its employees for performance. The purposes of this Plan are to: (a) provide a means whereby eligible employees of the Company develop a sense of personal involvement in the development and financial success of the Company, (b) motivate them to devote their best efforts to the business of the Company thereby advancing the interests of the Company and its stockholders, (c) reward performance that supports the Company's overall objectives and success by making a portion of their cash compensation dependent on the achievement of certain goals related to the performance of the Company, and (d) attract and retain top performing employees.

1.3 **Duration of this Plan.** Unless sooner terminated as provided herein, this Plan shall terminate five (5) years from the Effective Date. After this Plan is terminated, no Annual Incentives may be granted but incentives previously granted shall remain outstanding in accordance with the terms and conditions set forth in this Plan and the applicable Annual Incentive Agreement.

ARTICLE 2 DEFINITIONS

The following terms shall have the meanings set forth below:

- (a) **Annual Incentive** means individually or collectively, a grant under this Plan, subject to the terms of this Plan, payable in cash to a Participant as described in Article 6.
- (b) **Annual Incentive Agreement** means either: (i) a written agreement entered into by the Company and a Participant setting forth the terms and conditions applicable to earning an Annual Incentive under this Plan, including any amendment or modification thereof, or (ii) a written statement issued by the Company to a Participant describing the terms and provisions of such Annual Incentive, including any amendment or modification thereof. The Committee may provide for the use of electronic, Internet, or other non-paper Annual Incentive Agreements, and the use of electronic, Internet, or other non-paper means for the acceptance thereof and actions thereunder by a Participant.
- (c) **Annual Incentive Limit** shall have the meaning set forth in Section 4.1.
- (d) **Board** or **Board of Directors** means the Board of Directors of the Company, as constituted from time to time.
- (e) **Code** means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision of the Code.

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- (f) **Committee** means the Compensation and Leadership Development Committee of the Board (or a subcommittee thereof), or any other committee designated by the Board to administer this Plan; provided, however, such committee shall consist of two or more members of the Board, all of whom shall qualify as an outside director pursuant to Section 162(m) of the Code. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.
- (g) **Company** means ACI Worldwide, Inc., a Delaware corporation, and any successor thereto.
- (h) **Covered Employee** means any Participant who is or may become a Covered Employee, as defined in Section 162(m) of the Code.
- (i) **Effective Date** means March 19, 2013.
- (j) **Exchange Act** means the Securities Exchange Act of 1934, as amended, or any successor act thereto, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.
- (k) **Participant** means any eligible officer or key employee of the Company or a Subsidiary as set forth in Article 5 to whom an Annual Incentive is granted.
- (l) **Performance-Based Compensation** means compensation under an Annual Incentive that is intended to satisfy the requirements of Section 162(m) of the Code for qualified performance-based compensation. Notwithstanding the foregoing, nothing in this Plan shall be construed to mean that an Annual Incentive which does not satisfy the requirements for performance-based compensation under Section 162(m) of the Code does not constitute performance-based compensation for other purposes, including Section 409A of the Code.
- (m) **Performance Measures** means measures as described in Article 8 on which the performance goals for individual Annual Incentives may be based.
- (n) **Performance Period** means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Annual Incentive.
- (o) **Plan** means the ACI Worldwide, Inc. 2013 Executive Management Incentive Compensation Plan.
- (p) **Plan Year** means the calendar year.
- (q) **Subsidiary** means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company.

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(r) **Target Annual Incentive** means the amount of Annual Incentive a Participant will receive if all performance goals are met at the one hundred percent (100%) level.

ARTICLE 3 ADMINISTRATION.

3.1 **General.** The Committee shall be responsible for administering this Plan, subject to this Article 3 and the other provisions of this Plan. The Committee may employ attorneys, consultants, accountants, agents, and other individuals, any of whom may be an employee, and the Committee, the Company, and its officers and directors shall be entitled to rely upon the advice, opinions, or valuations of any such individuals. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participants, the Company, and all other interested individuals. A majority of the Committee (or subcommittee) will constitute a quorum, and the action of the members of the Committee (or subcommittee) present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of the Committee (or subcommittee).

3.2 **Authority of the Committee.** The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of this Plan and any Annual Incentive Agreement or other agreement or document ancillary to or in connection with this Plan, to determine eligibility for Annual Incentives and to adopt such rules, regulations, forms, instruments, and guidelines for administering this Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Annual Incentive recipients, establishing all Annual Incentive terms and conditions, including the terms and conditions set forth in Annual Incentive Agreements, granting incentives as an alternative to or as the form of payment for grants or rights earned or due under compensation plans or arrangements of the Company, granting waivers of Plan or Annual Incentive Agreement conditions (but with respect to Annual Incentives intended to qualify as Performance-Based Compensation, only to the extent such action will not cause the Annual Incentive to fail to qualify as Performance Based Compensation), accelerating the payment of Annual Incentives (but with respect to Annual Incentives intended to qualify as Performance-Based Compensation, only to the extent such action will not cause the Annual Incentive to fail to qualify as Performance Based Compensation), correcting any defect, supplying any omission or reconciling any inconsistency in the Plan or any Annual Incentive Agreement, construing any ambiguous provision of the Plan or any Annual Incentive Agreement, and subject to Article 11, adopting modifications and amendments to this Plan or any Annual Incentive Agreement, including without limitation, any that are necessary to comply with the laws of the countries and other jurisdictions in which the Company and/or its Subsidiaries operate.

3.3 **Delegation.** The Committee may delegate to one or more of its members or to one or more officers of the Company and/or its Subsidiaries, or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Committee or any individuals to whom it has delegated duties or powers as aforesaid may employ one or more individuals to render advice with respect to any responsibility the Committee or such individuals may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company or its Subsidiaries to do one or both of the following on the same basis as can the Committee: (a) designate employees to be recipients of Annual Incentives; or (b) determine the size of any such payments; provided, however, (i) the Committee shall not delegate such responsibilities to any such officer for Annual Incentives granted to an employee who is, on the relevant date, an officer or director of the Company, or a more than ten percent (10%) beneficial owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act) of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board in accordance with Section 16

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of the Exchange Act, and (ii) the officer(s) shall report periodically to the Committee regarding the nature and value of the incentives granted pursuant to the authority delegated.

ARTICLE 4 MAXIMUM ANNUAL INCENTIVE

Unless the Committee determines at the time of grant that an Annual Incentive to a Covered Employee is not intended to qualify as Performance-Based Compensation, the following limit (Annual Incentive Limit), as adjusted pursuant to Sections 4.2 and/or 11.2, shall apply to Annual Incentives under this Plan: The maximum aggregate amount granted or credited with respect to an Annual Incentive to any one Participant in any one Plan Year may not exceed five million dollars (\$5,000,000), determined as of the date of payout, as applicable.

ARTICLE 5 ELIGIBILITY.

Officers and key employees of the Company shall be eligible to participate in the Plan as determined at the sole discretion of the Committee.

ARTICLE 6 ANNUAL INCENTIVES AND PAYMENT.

6.1 Annual Incentives. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Annual Incentives to Participants in such amounts and upon such terms as the Committee may determine. If the Annual Incentive is intended to be Performance-Based Compensation, the Committee shall establish the applicable performance goals based on the Performance Measures in accordance with the requirements of Section 162(m) of the Code applicable to qualified Performance-Based Compensation.

6.2 Target Annual Incentives. The Committee may establish a Target Annual Incentive amount and a payment range that prescribes maximum and minimum Annual Incentives payable according to the performance of the Participant, the Company and/or its Subsidiaries as a whole or any business unit, division, channel, department, region or function within the Company and/or its Subsidiaries.

6.3 Annual Incentive Payment.

(a) Payment, if any, of an Annual Incentive shall be made in cash accordance with the terms of the applicable Annual Incentive Agreement within a reasonable period of time after the end of the applicable Performance Period. Payment of an Annual Incentive may occur prior to the end of the Performance Period with respect to Annual Incentives issued to (i) Participants who are not Covered Employees, for any reason in the Committee's discretion, including, without limitation, the death or disability of the Participant, or upon a change in control of the Company as may be defined in the Annual Incentive Agreement or otherwise determined by the Committee, and (ii) Covered Employees in accordance with Treasury Regulation Section 1.162-27(e)(2)(v) or any successor regulation(s).

(b) If the Committee exercises its discretion to establish performance goals, the amount of the Annual Incentive that will be paid to the Participant will depend on the extent to which the performance goals are met. With respect to Participants who are Covered Employees, no Annual Incentive shall become payable until the Committee has certified in writing that the terms and conditions underlying the payment of such Annual Incentive have been satisfied.

(c) At its discretion, the Committee may provide a Participant with the opportunity to defer receipt of such cash payment. Any such deferral opportunity shall be in compliance with Section 409A of the Code.

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(d) The Committee reserves the right, in its sole discretion, to reduce or eliminate the amount of an Annual Incentive otherwise payable to a Participant with respect to any Performance Period. In addition, with respect to Annual Incentives granted to Participants who are not Covered Employees, the Committee reserves the right, in its sole discretion, to increase the amount of an Annual Incentive otherwise payable to a Participant with respect to any Performance Period.

6.4 **Termination of Employment.** The Committee shall determine the extent to which the Participant shall have the right to receive all or a portion of an Annual Incentive following termination of the Participant's employment with or provision of services to the Company and/or its Subsidiaries, as the case may be. Such determination shall be in the sole discretion of the Committee, need not be uniform among all Annual Incentives issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination. In the case of Covered Employees, the foregoing determinations are subject to Section 6.3(a) of this Plan.

ARTICLE 7 TRANSFERABILITY OF ANNUAL INCENTIVES.

7.1 **Transferability.** Except as provided in Section 7.2 below, during a Participant's lifetime, his Annual Incentive shall be payable only to the Participant. Rights to an Annual Incentive shall not be transferable other than by will or the laws of descent and distribution or as required pursuant to the order of a court of competent jurisdiction. No Annual Incentive shall be subject, in whole or in part, to attachment, execution, or levy of any kind; and any purported transfer in violation hereof shall be null and void.

7.2 **Committee Action.** The Committee may, in its discretion, determine that notwithstanding Section 7.1, any or all Annual Incentives shall be transferable to such transferees, and subject to such terms and conditions, as the Committee may deem appropriate.

ARTICLE 8 PERFORMANCE MEASURES.

8.1 **Performance Measures.** The measurable performance goals applicable to an Annual Incentive to a Covered Employee shall be based on specified levels of, or growth in, one or more of the following Performance Measures: (a) earnings or income before or after taxes, interest, depreciation, and/or amortization; (b) earnings per share; (c) sales and revenue; (d) operating profit; (e) return measures (including, but not limited to, return on assets, capital, working capital, equity, sales, or revenue); (f) cash flow (including, but not limited to operating cash flow, free cash flow, operating free cash flow, cash flow return on equity, debt/capital ratio, and cash flow return on investment); (g) gross or operating margins; (h) productivity ratios; (i) share price (including, but not limited to, growth measures and total stockholder return); (j) expense targets; (k) margins or cash margins; (l) operating efficiency; (m) market share; (n) customer satisfaction; (o) working capital; (p) budgets, costs (including specified types or categories) or budgeted expenses (operating and capital); (q) backlog or revlog; (r) contribution margins; (s) economic value added or EVA®; (t) operational measures (e.g., quality, timeliness, customer satisfaction ratings); (u) capital efficiency, (v) strategic positioning (including mergers, acquisitions or divestitures), (w) product development, product delivery, product quality or new product releases, (x) intellectual property initiatives or achievements, (y) regulatory initiatives or compliance programs, and (z) profitability or profit margins. Any Performance Measure(s) may be used to measure the performance of the Company and/or its Subsidiaries as a whole or any business unit, division, channel, department, region or function within the Company and/or its Subsidiaries, may be measured individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, or to a previous year's results, all as the Committee may deem appropriate, or

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the Performance Measure(s) may be compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select Performance Measure (i) above as compared to various stock market indices. The Committee also has the authority to provide for accelerated payment of any Annual Incentive based on the achievement of performance goals pursuant to the Performance Measures specified in this Article 8 (but with respect to Annual Incentives intended to qualify as Performance-Based Compensation, only to the extent such action will not cause the Annual incentive to fail to qualify as Performance-Based Compensation).

8.2 **Evaluation of Performance.** The Committee may provide that any evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (d) any reorganization and restructuring programs; (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year; (f) acquisitions or divestitures; and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions may affect Annual Incentives to Covered Employees, they shall be prescribed in a manner and at a time such that such action will not cause such Annual Incentives to fail to qualify as Performance-Based Compensation.

8.3 **Adjustment of Performance-Based Compensation.** Annual Incentives that are intended to qualify as Performance-Based Compensation may not be adjusted upward. The Committee shall retain the discretion to adjust such Annual Incentives downward, either on a formula or discretionary basis or any combination, as the Committee determines. The Committee may provide, in its sole and absolute discretion, either in connection with the grant of the Annual Incentive or by amendment thereafter, that achievement of the applicable Performance Measures will be waived upon the death or disability of the Participant, or upon a change in control of the Company. In the case of Covered Employees, the foregoing determinations are subject to Section 6.3(a) of this Plan.

8.4 **Committee Discretion.**

(a) In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Measures without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval; provided that any such change will not cause Annual Incentives intended to qualify as Performance-Based Compensation to fail to qualify as Performance-Based Compensation.

(b) In addition, the Committee shall have the right, in its sole and absolute discretion, to grant Annual Incentives that are not intended to qualify as Performance-Based Compensation. In the event that the Committee determines that it is advisable to grant Annual Incentives that are not intended to qualify as Performance-Based Compensation, the Committee may make such awards without satisfying the requirements of Section 162(m) of the Code and utilize Performance Measures other than those set forth in Section 8.1.

ARTICLE 9 BENEFICIARY DESIGNATION.

Each participant under this plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this plan is to be paid in case of his death before he receives any or all of such benefit. Each such designation shall revoke all

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prior designations by the same participant, shall be in a form prescribed by the committee, and will be effective only when filed by the participant in writing with the company during the participant's lifetime. In the absence of any such beneficiary designation, incentives earned but unpaid at the participant's death shall be paid to the participant's executor, administrator, or legal representative.

ARTICLE 10 NO RIGHT OF EMPLOYMENT OR PARTICIPATION.

10.1 **No Right of Employment.** Nothing in this Plan or any Annual Incentive Agreement shall interfere with or limit in any way the right of the Company and/or its Subsidiaries to terminate any Participant's employment or service to the Company at any time or for any reason not prohibited by law, nor confer upon any Participant any right to continued employment for any specified period of time. Neither an Annual Incentive Agreement nor any benefits arising under this Plan shall constitute an employment contract with the Company and/or its Subsidiaries and, accordingly, subject to Articles 3 and 11, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company and/or its Subsidiaries.

10.2 **No Right to Participation.** No individual shall have the right to be selected to receive an Annual Incentive under this Plan, or, having been so selected, to be selected to receive a future Annual Incentive. Neither the Company, its Subsidiaries nor the Committee is obligated to treat Participants or eligible Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among eligible Participants who receive, or are eligible to receive, Annual Incentives (whether or not such eligible Participants are similarly situated).

ARTICLE 11 AMENDMENT, MODIFICATION, SUSPENSION, AND TERMINATION.

11.1 **Amendment, Modification, Suspension, and Termination.** Subject to Sections 11.3 and 11.4, the Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate this Plan and/or any Annual Incentive Agreement in whole or in part; provided, however, that any alteration, amendment or modification that requires stockholder approval in order to allow Annual Incentives under the Plan to qualify as Performance-Based Compensation under Section 162(m) of the Code, or to comply with other applicable laws or regulations, shall be made subject to such stockholder approval.

11.2 **Adjustment of Annual Incentives and Performance Goals Upon the Occurrence of Certain Unusual or Nonrecurring Events.** The Committee may make adjustments in the terms and conditions of, and the Performance Measures and performance goals for Annual Incentives in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 8.2 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan.

11.3 **Amendment to Conform to Law.** Notwithstanding any other provision of this Plan to the contrary, the Board of Directors may amend the Plan or an Annual Incentive Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Plan or an Annual Incentive Agreement to any present or future law relating to plans of this or similar nature (including, but not limited to, Section 409A of the Code), and to the administrative regulations and rulings promulgated thereunder.

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11.4 Limitations. No action otherwise authorized by this Article 11 or Section 14.9(b) below may be taken if such action will cause any Annual Incentive intended to qualify as Performance-Based Compensation to fail to qualify as Performance-Based Compensation.

ARTICLE 12 TAX WITHHOLDING.

The Company shall have the power and the right to deduct or withhold, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

ARTICLE 13 SUCCESSORS.

All obligations of the Company under this Plan with respect to Annual Incentives granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

ARTICLE 14 GENERAL PROVISIONS.

14.1 Forfeiture Events.

(a) The Committee may specify in an Annual Incentive Agreement that the Participant's rights, payments, and benefits with respect to an Annual Incentive shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable performance conditions of an Annual Incentive. Such events may include, but shall not be limited to, termination of employment, violation of material Company and/or Subsidiary policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company and/or its Subsidiaries.

(b) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Annual Incentive earned or accrued during the twelve (12) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever just occurred) of the financial document embodying such financial reporting requirement.

(c) Without limiting the foregoing, all rights, payments, and benefits with respect to an Annual Incentive paid by the Company under the Plan will be subject to any compensation recapture policies required by applicable law or that are established by the Board or the Committee from time to time, in their respective sole discretion, including any clawback policy adopted or implemented by the Board or Committee in respect of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and such regulations as are promulgated thereunder from time to time to the extent required therein and the implementing regulations.

14.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

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14.3 **Severability.** In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

14.4 **Requirements of Law.** The payment of Annual Incentives shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies.

14.5 **Employees Based Outside of the U.S.** Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company and/or its Subsidiaries operate or have employees, the Committee, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by this Plan, (b) determine which employees outside the U.S. are eligible to participate in this Plan, (c) modify the terms and conditions of any Annual Incentive Agreement to employees outside the U.S. to comply with applicable foreign laws, (d) establish subplans and modify terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 14.5 by the Committee shall be attached to this Plan document as appendices, (e) take any action, before or after an Annual Incentive is granted, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals. Notwithstanding the above, the Committee may not take any actions hereunder, and no Annual Incentives shall be paid, that would violate applicable law.

14.6 **Unfunded Plan.** Participants shall have no right, title, or interest whatsoever in or to any investments that the Company and/or its Subsidiaries may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other individual. To the extent that any individual acquires a right to receive payments from the Company and/or its Subsidiaries under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or a Subsidiary, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company or a Subsidiary, as the case may be, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in this Plan.

14.7 **Retirement and Welfare Plans.** Cash paid pursuant to this Plan may not be included as compensation for purposes of computing the benefits payable to any Participant under the Company's or any Subsidiary's retirement plans (both qualified and nonqualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant's benefit.

14.8 **Nonexclusivity of this Plan.** The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

14.9 **No Constraint on Corporate Action.** Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or a Subsidiary's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) subject to Section 11.4 above, limit the right or power of the Company or a Subsidiary to take any action which such entity deems to be necessary or appropriate. Subject to the provisions of Article 11

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and notwithstanding anything else herein to the contrary, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate.

14.10 **Governing Law.** The Plan and each Annual Incentive Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Annual Incentive Agreement, recipients of an Annual Incentive under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Delaware, to resolve any and all issues that may arise out of or relate to this Plan or any related Annual Incentive Agreement.

14.11 **Headings.** The headings used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize, or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions had been used in the Plan.

14.12 **Conflicts.** In the event any provision of any Annual Incentive Agreement granted under the Plan shall conflict with any term in the Plan, the term in the Plan shall control.

14.13 **Successors and Assigns.** The Plan is binding on and will inure to the benefit of any successor to the Company, whether by way of merger, consolidation, purchase, or otherwise.

14.14 **No Strict Construction.** No rule of strict construction shall be applied against the Company or any other person in the interpretation of any of the terms of the Plan, any Annual Incentive Agreement, any Annual Incentive granted under the Plan, or any rule, regulation or procedure established by the Committee.

2013 AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ACI WORLDWIDE, INC.

ARTICLE I

The name of the corporation (which is hereinafter called the *Corporation*) is:

ACI WORLDWIDE, INC.

ARTICLE II

The address of the registered office in Delaware is 160 Greentree Drive, Ste. 101, Dover, Kent County, Delaware, and the name of the registered agent is National Registered Agents, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the *DGCL*).

ARTICLE IV

Section 1. Authorized Capital Stock. The Corporation is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Corporation is authorized to issue is 145,000,000 shares, consisting of 140,000,000 shares of Common Stock, par value \$0.005 per share, and 5,000,000 shares of Preferred Stock, par value \$0.01 per share.

Preferred Stock. The Preferred Stock may be issued in one or more series. The Board of Directors of the Corporation (the *Board*) is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any such series and the designation, relative powers, preferences, rights and qualifications, limitations or restrictions of such series. The authority of the Board with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

- (a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;
- (b) the voting powers, if any, and whether such voting powers are full or limited in such series;
- (c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;
- (d) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series, and the dates and preferences of dividends on such series;

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- (e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;
- (f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Corporation or any other corporation or other entity and the rates or other determinants of conversion or exchange applicable thereto;
- (g) the right, if any, to subscribe for or to purchase any securities of the Corporation or any other corporation or other entity;
- (h) the provisions, if any, of a sinking fund applicable to such series; and
- (i) any other relative, participating, optional or other special powers, preferences or rights and qualifications, limitations or restrictions thereof;

all as may be determined from time to time by the Board and stated or expressed in the resolution or resolutions providing for the issuance of such Preferred Stock (collectively, a Preferred Stock Designation).

Section 2. Common Stock. Subject to the rights of the holders of any series of Preferred Stock, the holders of Common Stock will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders for each share of Common Stock held of record by such holder as of the record date for such meeting.

ARTICLE V

The Corporation is to have perpetual existence.

ARTICLE VI

The Board may make, amend, and repeal the Bylaws of the Corporation. Any Bylaw made by the Board under the powers conferred hereby may be amended or repealed by the Board (except as specified in any such Bylaw so made or amended) or by the stockholders in the manner provided in the Bylaws of the Corporation. The Corporation may in its Bylaws confer powers upon the Board in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board by applicable law.

ARTICLE VII

At any annual meeting or special meeting of stockholders of the Corporation, only such business will be conducted or considered as has been brought before such meeting in the manner provided in the Bylaws of the Corporation. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least a majority of all classes of Voting Stock issued and outstanding, voting as a single class, will be required to amend or repeal, or adopt any provision inconsistent with, this ARTICLE VII. For the purposes of this Certificate of Incorporation, Voting Stock means stock of the Corporation of all classes or series entitled to vote generally in the election of Directors.

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ARTICLE VIII

Section 1. Election of Directors. Election of Directors of the Corporation need not be by written ballot unless requested by the Chairman or by the holders of a majority of the Voting Stock present in person or represented by proxy at a meeting of the stockholders at which Directors are to be elected. If authorized by the Board, such requirement of written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Section 2. Nomination of Director Candidates. Advance notice of stockholder nominations for the election of Directors must be given in the manner provided in the Bylaws of the Corporation.

Section 3. Newly Created Directorships and Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence will hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor has been elected and qualified. No decrease in the number of Directors constituting the Board may shorten the term of any incumbent Director.

Section 4. Amendment, Repeal, Etc. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least a majority of all classes of Voting Stock issued and outstanding, voting as a single class, is required to amend or repeal, or adopt any provision inconsistent with, this ARTICLE VIII. The vote on amendment or repeal of, or on the adoption of any provision inconsistent with, this ARTICLE VIII must be by written ballot.

ARTICLE IX

To the full extent permitted by the DGCL or any other applicable law currently or hereafter in effect, no Director of the Corporation will be personally liable to the Corporation or its stockholders for or with respect to any acts or omissions in the performance of his or her duties as a Director of the Corporation. Any repeal or modification of this ARTICLE IX will not adversely affect any right or protection of a Director of the Corporation existing prior to such repeal or modification.

ARTICLE X

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a Proceeding), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another company or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an Indemnitee), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or

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agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted or required by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this ARTICLE X with respect to Proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. **Right to Advancement of Expenses.** The right to indemnification conferred in Section 1 of this ARTICLE X shall include the right to be paid by the Corporation the expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such Proceeding in advance of its final disposition (an Advancement of Expenses); provided, however, that, if the DGCL so requires, an Advancement of Expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (an Undertaking), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a Final Adjudication) that such Indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the Advancement of Expenses conferred in Sections 1 and 2 of this ARTICLE X shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

Section 3. **Right of Indemnitee to Bring Suit.** If a claim under Section 1 or 2 of this ARTICLE X is not paid in full by the Corporation within 60 calendar days after a written claim has been received by the Corporation, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 calendar days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Corporation shall be entitled to recover such expenses upon a Final Adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or

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brought by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such Advancement of Expenses, under this ARTICLE X or otherwise shall be on the Corporation.

Section 4. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this ARTICLE X shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation or Bylaws, any agreement, any vote of stockholders or disinterested directors or otherwise.

Section 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the Advancement of Expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this ARTICLE X with respect to the indemnification and Advancement of Expenses of directors and officers of the Corporation.

Table of Contents**ANNUAL MEETING OF STOCKHOLDERS OF ACI WORLDWIDE, INC.**

Date: Tuesday, June 11, 2013
Time: 8:30 A.M. (Eastern Daylight Time)
Place: 3520 Kraft Rd, Suite 300, Naples, Florida 34105

See Voting Instruction on Reverse Side.

Please make your marks like this: x Use dark black pencil or pen only

The Board of Directors Recommends a Vote **FOR** all Nominees for

Director and **FOR** Proposals 2, 3, 4 and 5.

1: Election of Directors

				Directors
				Recommend
				i
				FOR
				Directors
				Recommend
	For			Withhold

01 John D. Curtis
02 Philip G. Heasley
03 James C. McGroddy
04 Harlan F. Seymour
05 John M. Shay, Jr.
06 John E. Stokely
07 Jan H. Suwinski
	For	Against	Abstain	
2: Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013.	For
3: Conduct an advisory vote on executive compensation.	For
4: Approve the 2013 Executive Management Incentive Compensation Plan.	For
5:	For

Approve the 2013 Amended and Restated Certificate of Incorporation to increase the number of common shares authorized for issuance thereunder.

- 6: Transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Please mark this box if you plan to attend the meeting in person.

Authorized Signatures - This section must be completed for your Instructions to be executed.

Please sign exactly as your name(s) appears on your stock certificate. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

Annual Meeting of Stockholders of ACI Worldwide, Inc.

to be held Tuesday, June 11, 2013

For Stockholders of Record as of April 19, 2013

This proxy is being solicited on behalf of the Board of Directors

VOTED BY:

INTERNET

Go To

www.proxypush.com/aciw

Cast your vote online.

View Meeting Documents.

TELEPHONE

866-390-5492

OR Use any touch-tone telephone.

Have your Voting Instruction Form/Proxy Card ready.

Follow the simple recorded instructions.

OR

Mark, sign and date your Voting Instruction Form.

Detach your Voting Instruction Form/Proxy Card.

Return your Voting Instruction Form/Proxy Card in the postage-paid envelope provided.

All votes for registered holders must be received by 5:00 P.M., Eastern Daylight Time, June 10, 2013. All votes for 401K Plan Participants must be received by 5:00 P.M., Eastern Daylight Time, June 7, 2013.

PROXY TABULATOR FOR

ACI WORLDWIDE, INC.

P.O. BOX 8016

CARY, NC 27512-9903



EVENT #

CLIENT #

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Proxy ACI Worldwide, Inc,

Annual Meeting of Stockholders

June 11, 2013, 8:30 a.m. (Eastern Daylight Time)

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned appoints Dennis P. Byrnes and John Kraft (the Named Proxies) and each of them as proxies for the undersigned, with full power of substitution, to vote the shares of common stock of ACI Worldwide, Inc., a Delaware corporation (the Company), the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company (the Annual Meeting) to be held at the Company s principal executive offices located at 3520 Kraft Rd, Suite 300, Naples, Florida 34105, on Tuesday, June 11, 2013 at 8:30 a.m. (EDT) and all adjournments thereof.

The purpose of the Annual Meeting is to take action on the following:

1. Elect seven directors to our Board of Directors to hold office until the 2014 Annual Meeting of Stockholders;
2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013;
3. Conduct an advisory vote on executive compensation;
4. Approve the 2013 Executive Management Incentive Compensation Plan.

5. Approve the 2013 Amended and Restated Certificate of Incorporation to increase the number of common shares authorized for issuance thereunder.

6. Transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

The seven directors up for re-election are: John D. Curtis, Philip G. Heasley, James C. McGroddy, Harlan F. Seymour, John M. Shay, Jr., John E. Stokely, and Jan H. Suwinski.

The Board of Directors of the Company recommends a vote
FOR all nominees for director and FOR proposals 2, 3, 4 and 5.

This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR all nominees for director and FOR proposals 2, 3, 4 and 5. In their discretion, the Named Proxies are authorized to vote upon such other matters that may properly come before the Annual Meeting or any adjournment or postponement thereof.

You are encouraged to specify your choice by marking the appropriate box (SEE REVERSE SIDE) but you need not mark any box if you wish to vote in accordance with the Board of Directors recommendation. The Named Proxies cannot vote your shares unless you sign and return this card.